

**America's coal mining reclamation  
is growing**

**green**



**Office of Surface Mining**

**1996 Annual Report**



# What is the computer disk on the inside of this cover?

*We hope you are intrigued by the digital compact disk that accompanies this year's Annual Report. This disk may be inserted into personal computers that have CD-ROM drives to get an electronic color version of this report. The disk also includes a KEEP OUT: Old mines can be dangerous public service announcement and videos describing the Appalachia Clean Streams Initiative and implementation of the Surface Mining Law.*

*We believe chances are good that you -- or someone you work with -- will be able to use this disk. If you cannot, please share it with someone else involved with the implementation of the Surface Mining Law.*

## Minimum System Requirements

PC-Compatible:  
486DX 66 MHZ  
8 MB RAM  
Microsoft Windows 3.1 or Windows 95  
640 x 480 screen resolution, 256 colors  
Double speed CD ROM

## Instructions:

Windows 95 with Autoplay enabled

1. Insert the disk into your CD-ROM drive.
2. The main menu screen will appear.

Windows 95 with Autoplay disabled

1. Insert the CD into your CD-ROM drive
2. Click the "Start" button.
3. Click "Run".
4. Type D:autorun32.exe, where D is the drive letter of your CD-ROM
5. The main menu screen will appear.

Windows 3.1

1. Insert the CD into your CD-ROM drive.
2. In "Program Manager," click the "File" menu.
3. Click "Run."
4. Type D:autorun16.exe, where D is the drive letter of your CD-ROM.
5. The main menu screen will appear.

From the menu choose from the following:

- 1996 Office of Surface Mining Annual Report<sup>1</sup>
- (15 second video) KEEP OUT: Old mines can be dangerous.<sup>2</sup>
- (30 second video) KEEP OUT: Old mines can be dangerous.<sup>2</sup>
- (15 minute video) Citizens' introduction to involvement with the Appalachian Clean Streams Initiative.<sup>2</sup>
- (28 minute video) A Page in Time. A video describing how the Surface Mining Law is implemented <sup>2</sup>

If you experience problems using this disk or have questions about using it please contact us at (202) 208-2719 or E-mail: [getinfo@osmre.gov](mailto:getinfo@osmre.gov)

1. Requires Adobe Acrobat reader. A copy of Adobe Acrobat reader can be downloaded, at no charge, from Adobe's world wide web site <http://www.adobe.com>

2. Requires QuickTime player to view the video. A copy of QuickTime video player can be downloaded, at no charge, from Apple Computer's world wide web site <http://quicktime.apple.com>

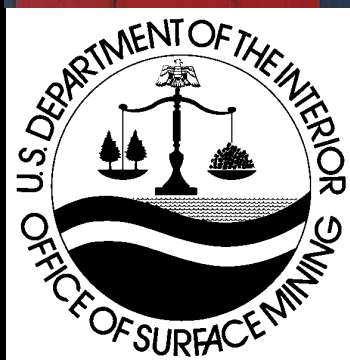
Growing reclamation green...

# 1996 results tell the story



← Page 3 ~ Office of Surface Mining Acting Director Kay Henry reports highlights of 1996 in a **letter to our constituents and customers.**

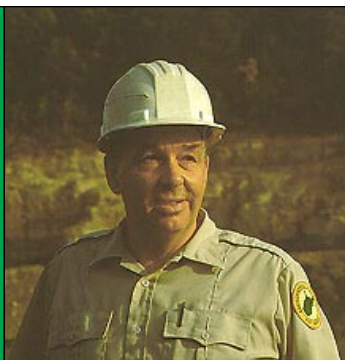
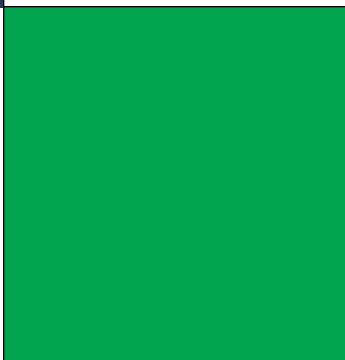
~ 1996 was a difficult but productive year for the Office of Surface Mining.



↓ Page 20 ~ An update on the **Abandoned Mine Land Reclamation**

of resources affected by mining that took place before the Surface Mining Law passed in 1977.

~ Highwalls -- a common abandoned mine land problem.



↑ Page 4 ~ A report on the **Budget, Management, and Operations** of the Office of Surface Mining

~ Land mined and reclaimed under the Surface Mining Law.



↑ Page 30 ~ Audited **Financial Statements** of the Office of Surface Mining.

~ Mine inspector checks the blasters credentials at the mine site.

↑ Page 10 ~ A review of the shared federal/state/Indian **Environmental Protection**

for active surface and underground coal mining and reclamation operations throughout the nation.

~ West Virginia mine inspector Richard Casertas.

➡ Page 51 ~ Office of Surface Mining **Directory.**

~ During reclamation the land is regraded to its approximate original contour.

# Introduction

## U.S. Department of the Interior, Office of Surface Mining 1996 Annual Report

This report describes the operations of the Interior Department's Office of Surface Mining Reclamation and Enforcement (OSM) for the period October 1, 1995, through September 30, 1996 (Fiscal Year 1996)<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) as well as Section 306 of the Chief Financial Officers Act of 1990. In addition, the report describes the first steps taken to include requirements of the Government Performance and Results Act in the Office of Surface Mining's annual report. The 1997 report will be organized by business lines and combine all three of these statutory requirements.

The 1996 report is presented in two formats -- printed and electronic -- making the report more accessible to the general public. In addition to reducing costs, the electronic version of the report was created in response to public requests for electronic computer-readable 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 administered 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 updated tabular data corresponding to that found in Office of Surface Mining annual reports prepared since 1988. This allows comparison of statistics from year to year. Changes to the 1996 report include: the reporting period for inspection data (during

the transition to fiscal year reporting) and statistics provided in both Metric and English units. Financial and accounting information is presented in a format similar to a traditional corporate annual report, and 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 1996, 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, both printed and electronic 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, visit the Office of Surface Mining site on the World Wide Web at <http://www.osmre.gov> or contact:

Office of Communications  
Office of Surface Mining  
1951 Constitution Ave.,  
N.W.  
Washington, D.C. 20240  
(202) 208-2719

1. Throughout this document "1996" refers to Fiscal Year 1996 (10/1/95 - 9/30/96), unless otherwise noted.

# Letter to our constituents and customers. Office of Surface Mining Acting Director Kay Henry reports highlights of 1996.

By almost any measure, 1996 was a dramatic year for the Office of Surface Mining. However, in spite of the difficulties, the Office of Surface Mining and the states and Indian tribes have grown closer together and, out of the 1996 experience, new more effective directions have been set for the future.

Under the leadership of Bob Uram, who resigned as Director of the Office of Surface Mining on September 15th, the Office of Surface Mining has become one of the most successful environmental agencies in government. For 2½ years he guided management reforms, programmatic reinventions, new initiatives, and high standards of integrity that have set a course for the most successful implementation of the Surface Mining Law since its passage in 1977.

When the year began, the Office of Surface Mining was undergoing a Reduction in Force (RIF). The office was closed 18 days because we did not have an appropriation. And when the 1996 budget was finalized, many activities had to be curtailed due to insufficient funding. At times during the year it was difficult to maintain a minimum level of service. Priorities had to be carefully set to ensure safety of the coal field citizens, protection of the environment, and the full reclamation of mined land.

One of the key ingredients for the Office of Surface Mining's success in 1996 was the strong, mutually supportive relationship of the Office of Surface Mining and the states, Indian tribes, industry, and citizen groups. Work was accomplished as a team - in special task groups, and on technical projects like the National Blasting Work Group, the

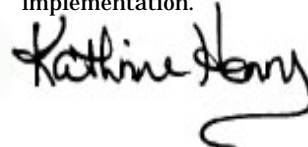
Mine Blow-out Study, the Acid Mine Drainage Initiative, and the Regulatory Oversight Policy (REG-8).

REG-8, formalizing the Office of Surface Mining's new oversight procedures, represents an outstanding example of that cooperative work. Only through such a close working relationship could the team have re-engineered state program evaluation from the process-driven system of the past into a new performance-based process focused on outcomes and results.

In 1996, the Office of Surface Mining completed its first full year of operation under the new regional organizational structure. Most states within a region share many issues in common, and to be effective and assure appropriate consistency, the issues must be addressed through a multi-state approach. The

combination of field offices and regional coordinating centers working together with the states and Indian tribes has resulted in improved relationships and more effective on-the-ground reclamation.

This 1996 Annual Report is an example of a new direction for the Office of Surface Mining. For the first time we are using electronic publishing to make the information available to a larger audience. This year's report includes a version on the Office of Surface Mining World Wide Web site (<http://www.osmre.gov>) and one on CD-ROM disk. The CD-ROM contains a Public Service Announcement on Dangers from Abandoned Mines and videos on the Appalachian Clean Streams Initiative and SMCRA implementation.





# A report on the Budget, Management, and Operations of the Office of Surface Mining

**S**ince 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.

## Organization of the Office of Surface Mining

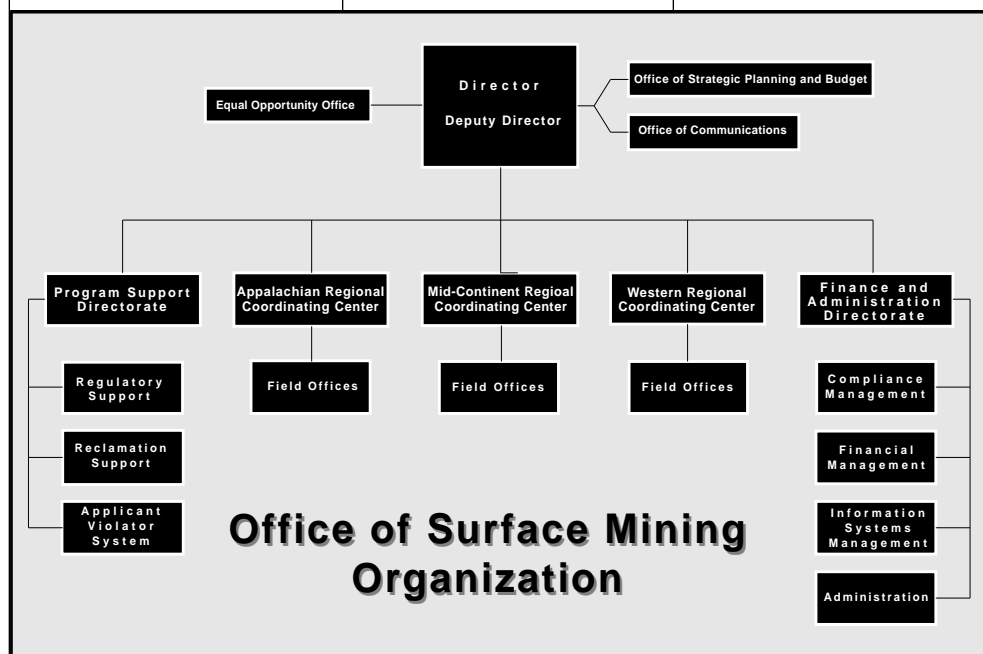
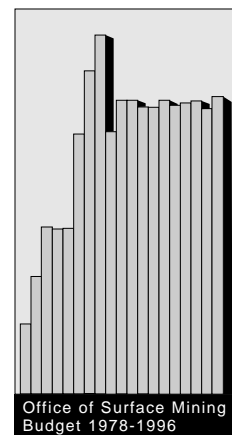
The Office of Surface Mining is field-oriented, with headquarters in Washington, D.C., three regional coordinating centers, 11 field offices, and

6 area offices. During 1996 the Office of Surface Mining implemented a major reorganization to incorporate new ways to accomplish the agency's mission more effectively and efficiently. Organizational changes made to achieve this goal included changing the Ashland and Wilkes-Barre Area Offices to team offices under the Appala-

chian Regional Coordinating Center, and the Olympia Area Office to a satellite office under the Casper Field Office.

## Budget and Appropriations

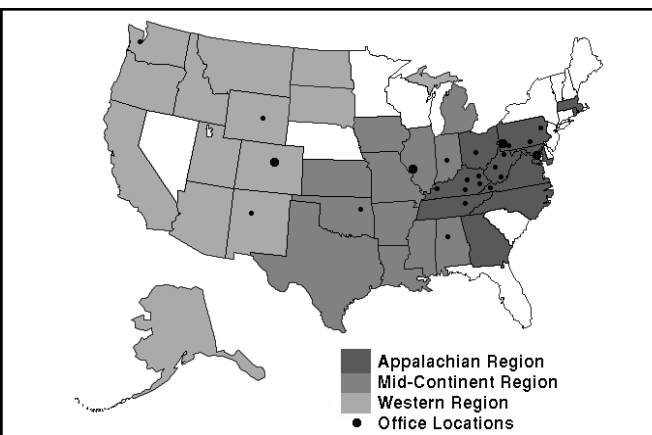
The Department of the Interior and Related Agencies Appropriations Act of 1996 (Public Law 104-134) appropriated



\$95,470,000 from the General Fund for the Office of Surface Mining's regulatory and enforcement activities.

The 1996 Regulation and Technology appropriation 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 where the Office of Surface Mining is the regulatory authority. In 1996, performance bond forfeitures received and credited to this account totaled \$61,065. No obligations of prior- or current-year bond forfeitures were incurred in 1996.



Federal civil penalties and related interest collected under Section 518 of SMCRA can be used to reclaim lands abandoned after August 3, 1977. In 1996, \$28,100 in collections for late penalties and administrative costs were transferred to the U.S. Treasury general fund. Civil penalty collection available for reclamation purposes totaled \$352,698

which do not include interest and administrative charges on late penalties paid. Of current- and prior-year collections, \$10,720 was obligated for reclamation in 1996.

State regulatory program grants were funded at \$50,762,000, which was \$800,000 less than 1995.

In addition, \$173,887,000 was made available for obligation from the Abandoned Mine Reclamation Fund (\$8,499,000 less than 1995), and up to 20 percent of the funds recovered from delinquent debts was authorized for contracting the collection of other delinquent debts. In 1996, the Office of Surface Mining spent \$604,661 to collect \$6,435,163 million in delinquent AML fees and delinquent audit bills. The AML appropriation included the following provisions:

State reclamation grants were funded at \$140,000,000, which was \$4,266,000 more than 1995.

Federal emergency program expenditures were limited to \$11,000,000, which was the same amount appropriated in 1995.

No more than 25 percent of total newly 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 and administrative management. Automated payment and revenue tracking systems have been upgraded in the accounting system, which provides on-line access to accurate, up-to-the-minute financial and administrative management information. Added improvements and initiatives started in 1996 include:

The Civil Penalty Accounting and Control System (CPACS) became operational in October 1996, replacing the interim Civil Penalties Accounting and Information Database (CPAID). The Civil Penalty Accounting and Control System accounts for and provides financial information on civil penalty assessments made by the Office of Surface Mining.

**TABLE 1  
APPROPRIATIONS\***

	1996	1995
<b>Regulation &amp; Technology</b>		
State Regulatory Grants	\$50,762,000	\$51,562,000
Regulatory Program Operations	16,087,000	22,594,000
Tech. Services, Training & Research	11,597,000	14,702,000
Assessments & Collections	5,735,000	7,747,000
General Administration	11,289,000	13,090,000
Executive Direction	[1,729,000]	[2,027,000]
Administrative Support	[3,962,000]	[5,174,000]
General Services	[5,598,000]	[5,889,000]
Subtotal:	95,470,000	109,695,000
<b>Abandoned Mine Reclamation Fund</b>		
State Reclamation Grants	140,000,000	135,734,000
Fee Compliance	6,000,000	6,453,000
Reclamation Program Operations	23,000,000	24,829,000
Rural Abandoned Mine Program	0	7,853,000
Small Operator Assistance Program	0	1,757,000
General Administration:	4,887,000	5,760,000
Executive Direction	[699,000]	[774,000]
Administrative Support	[1,703,000]	[2,175,000]
General Services	[2,485,000]	[2,811,000]
Subtotal	173,887,000	182,386,000
Transfer to United Mine Worker Fund	47,183,764	0
<b>Total</b>	<b>\$316,540,764</b>	<b>\$292,081,000</b>

\*The appropriation figures for both years include rescissions.

During 1996 the Office of Surface Mining converted to the Electronic Certification System (ECS) developed by the Department of the Treasury. ECS enables the Office of Surface Mining to send payment information directly to the Department of the Treasury rather than using traditional methods such as magnetic tape. The net result of this change has been quicker payments to vendors and employees.

During 1996, the Office of Surface Mining began designing and developing a computer system that will allow data entry of purchases made using the small purchase card program. The program is designed to reduce the paperwork and time involved in purchasing

goods and services within the federal government. This computer system will enable card holders to enter data directly into the accounting system at the time of purchase and to automatically match this data with invoice data from the vendor for payment processing. By automating this payment process, known as "fast pay," the Office of Surface Mining may earn rebates from the vendor, reducing the cost of goods and services provided to the federal government. The proposed system implementation date is targeted for mid-1997.

### **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 1996, 395 audits and audit-related projects identified \$5.2 million in under-reported or non-reported Abandoned Mine Reclamation Fund fees, interest, and penalties. The findings covered about 15.2 million tons of coal. More important, the comprehensive audit program was critical in

achieving a voluntary payment compliance rate in excess of 98 percent. The Office of Surface Mining also verifies, and corrects the ownership and control information in the Applicant Violator System as part of every audit. This

ensures that operators are not unduly delayed when obtaining mining permits.

The Office of Surface Mining pursues delinquent debtors owing civil penalties for mine site environmental

**TABLE 2  
COLLECTION MANAGEMENT**

Category	Amount Collected	Balance Owed
Civil Penalties	\$360,846	\$27,301,855
AML & Audit Fees	256,450,733	41,692,795
Other Debt	608,170	147,322
Total	\$257,419,749	\$69,141,972
Debt Not Delinquent		12,505,225
Total Delinquent		\$56,636,747

violations and unpaid Abandoned Mine Reclamation Fund fees, including unpaid fees resulting from Office of Surface Mining compliance audits. Table 2 shows 1996 collections and year end debt. 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 \$69.1 million 1996 year-end debt balance, \$37.6 million (54 percent) is principal. The remainder represents interest, late payment penalties, and administrative charges on unpaid balances.

When all agency debt collection avenues have been exhausted, delinquent debts are referred to the Department of the Treasury for additional collection efforts, and to the Department of the Interior's Solicitor for appropriate legal action or bankruptcy



Office of Surface Mining inspector at work in Tennessee testing acidity of water in the mine pit.





The first stop during a mine inspection. Here permit numbers are checked.

proceedings. The Office of Surface Mining had \$56.6 million in delinquent debt at the end of 1996. Of this amount \$34.4 was referred to the Solicitor, \$14.8 was referred to the Department of Justice, and \$7.4 was being pursued by the Office of Surface Mining. Debt at the Solicitor's office consists of \$13.4 million involving bankruptcy proceedings and \$21 million under 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 six consecutive unqualified ("clean") audit opinions from the Inspector General. The 1996 opinion is on page 50 of this report.



Trees planted on reclaimed land create vegetation that will grow into productive forests.

### Human Resources Management

The year ended with 204 fewer full-time permanent employees than when it

began (from 842, to 638 employees). Headquarters decreased by 69; the coordinating centers by 40; and the field offices by a total of 95. A Memorandum of Agreement was signed in 1996 to provide personnel operational and policy services to the Bureau of Indian Affairs (BIA). Under this agreement the Office of Surface Mining provides headquarters personnel advisory service to BIA employees and managers nationwide and daily operational services to approximately 160 employees assigned to the BIA Central Office. In these times of reduced administrative employees and budget, competitive marketing for service within departments will increase,

resulting in improved personnel service and greater economy.

The Office of Surface Mining successfully implemented an Automated Time and Attendance System in 1996. This system provides timekeepers with an electronic means of transmitting time and attendance records, and allows managers to certify accuracy by reviewing two or three computer screens and making two or three key strokes. Implementation of this system is resulting in more accurate and timely record keeping and significant time savings.

The Department of the Interior has gained a reputation as a recognized leader in the field of personnel automation. For its part, the Office of Surface Mining has begun a pilot project to automate each employee's Official Personnel Folder. These employee records contain documents related to civilian employment with the federal government under Title 5, U.S. Code. The pilot project is designed to streamline operations to accommodate shrinking resources and to improve service to both employees and managers by providing direct on-line access to their Personnel Folders or those of the employees they supervise.

## 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 compliance to prevent financial conflicts. In 1996, 653 Office of Surface Mining, 1,641 other federal, and 2,349 state employees filed financial disclosure statements. One violation was identified and resolved.

The first was established in 1994 at Washington, D.C., headquarters with the National Federation of Federal Employees, Local 1993.

In June 1995, the president of Local 2148 of the National Federation of Federal Employees (Albuquerque, New Mexico) and the Office of Surface Mining established a Labor Management Partnership.

A third agreement is being developed with Local 2159 in Casper, Wyoming.

## Equal Opportunity

During 1996 significant personnel changes resulted from the Reduction-In-Force and many minorities, women, and disabled employees were removed from the workforce. There were a total of 31 counseling activities, which resulted in 22 formal complaints. The total cost for processing discrimination complaints during 1996 was \$67,164. This cost includes attorney fees, contract investigations, settlements, and hearings. Open communication and the use of alternative dispute resolution methods allowed the Office of Surface Mining to resolve many potential disputes before they became formal complaints.

## 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 agencies to prepare strategic and annual performance plans, and to submit annual program performance reports. In 1996, the Office of Surface Mining developed a mechanism to tie its core functions, called *business lines*, to its budget. The intent of the business lines structure is to explain more clearly to citizens how the Office of Surface Mining's budget and resources are

tied to the agency's mission, goals, and objectives. The new structure focuses on the identification of four core business lines and an administrative business line. The Office of Surface Mining's FY 1997 budget justifications were submitted both by conventional budget activities and in an alternative format based on the business lines structure. The Interior Department, the Office of Management and Budget, and Congressional appropriations staffs have approved plans to submit the FY 1998 budget justification using the business lines structure.

The Office of Surface Mining was the first Interior Department agency to brief the Office of Management and Budget on an agency strategic plan. Once the Office of Surface Mining's 1997 strategic plan has been submitted to the Office of Management and Budget for review, the focus will shift to development of the FY 1998 plan, which will include output indicators and success measures. In 1996, the Office of Surface Mining also began updating information gathering capabilities to ensure that the cost accounting data and program data will be available to measure accomplishments and provide reliable information for the annual planning and budget submission process for FY 1998 and beyond.



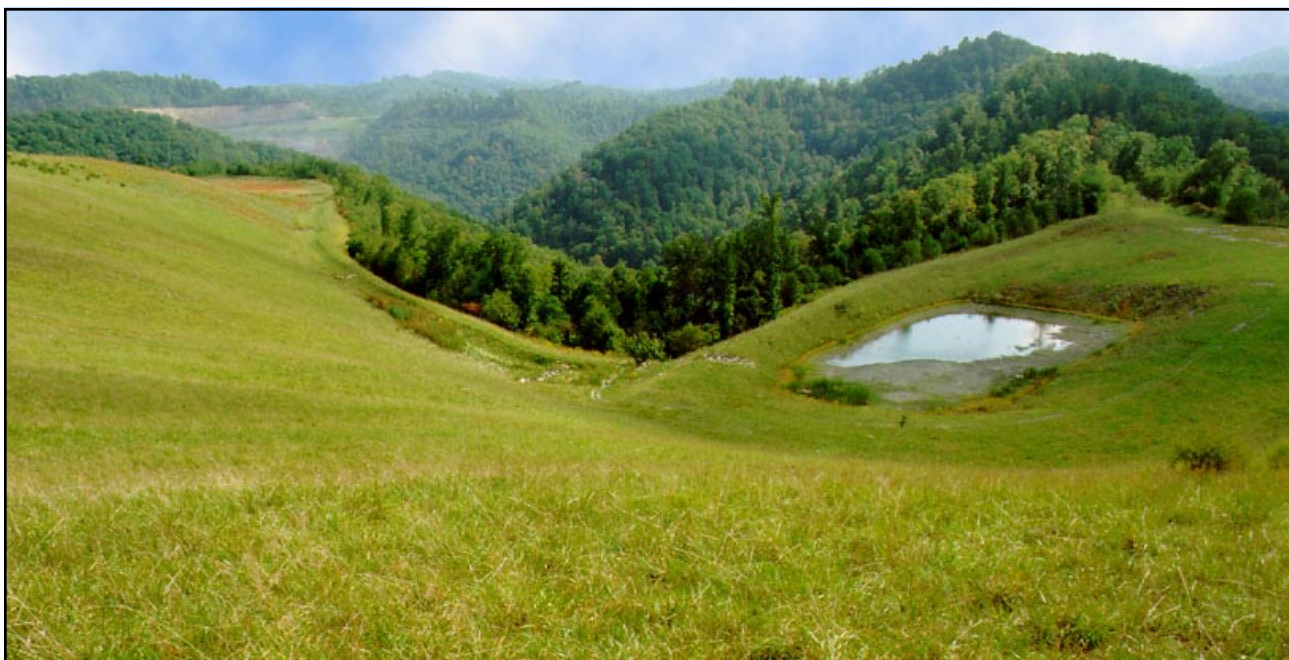
Reclamation of a sediment pond is begun when the mine site is revegetated and the need to control water runoff is no longer required.

## Labor-Management Partnership

The Office of Surface Mining continues to maintain two labor-management partnerships, created in response to Executive Order 12871.

The Office of Surface Mining, in accordance with a Memorandum of Agreement with the Bureau of Indian Affairs, is also providing labor relations support services to the BIA Central Office in Washington, D.C.





Properly reclaimed mine land blends into the existing landscape and provides a productive long-term land use.

The Office of Surface Mining continues to be a leader within the Interior Department on strategic planning and GPRA implementation. Several agency products served as examples in Interior Departmental meetings and training sessions. In 1996, presentations on the process were made to external parties such as the National Academy of Public Administrators and the National Mining Association.

The primary business lines:

**1. Environmental restoration.** *Goal:* To permanently reclaim abandoned mine sites by abating hazards, reducing and mitigating adverse effects from past mining, and restoring adversely affected lands and water to beneficial use.

Program activities are:

- State funding.
- State performance evaluation.
- Emergencies.
- Federal/Indian lands.
- Program development and maintenance.

**2. Environmental protection.** *Goal:* In cooperation with the states and Indian tribes, we will prevent environmental problems in the coal fields. We will protect the environment, property, water and citizens from current mining and reclaim the land after the mining is completed.

Program activities are:

- State funding.
- State performance evaluation.
- Federal programs.
- Federal lands.
- Indian lands.
- Program development

and maintenance.

- Applicant violator system.

**3. Technology development and transfer.** *Goal:*

Assure that states and Indian Tribes, federal agencies, industry, and citizen organizations have the highest possible level of technical capacity and capability needed to protect the public, property, and the environment, and to restore damaged coal mined lands and waters to productive use.

Program activities are:

- Training.
- Technical assistance.
- Technology transfer.

**4. Financial management.** *Goal:* Maintain the financial integrity of SMCRA appropriations and the \$1.4 billion Abandoned Mine Land Fund by:

properly and promptly accounting for funds; maximizing voluntary compliance with reclamation fee provisions; providing grants to states and Indian Tribes; and maximizing collections through fair and consistent policies and procedures.

Program activities are:

- Revenue management.
- Fee compliance.
- Financial management.

# A review of the shared federal/state/Indian Environmental Protection Program for active surface and underground coal mining and reclamation operations throughout the nation.

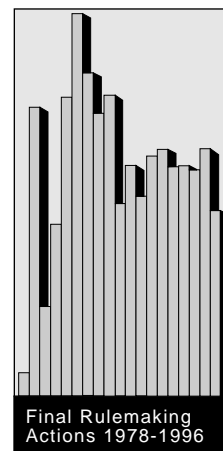
**U**nder the Surface Mining Control and Reclamation Act, the Office of Surface Mining is responsible for publishing the rules and regulations necessary to carry out the Law. The permanent regulatory program and related rules provide the fundamental mechanism for ensuring that SMCRA's goals are achieved.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

## Rulemaking and State Program Amendments

The 1996 rulemaking process included discussions with coal industry representatives, citizen groups, and state regulators to obtain their input and suggestions.

During the year, the Office of Surface Mining published three proposed permanent program rules in the Federal Register: State-Federal Cooperative Agreements (RIN 1029-AB84), State Program Amendments I (RIN 1029-AB86), and State Program Amendments II (RIN 1029-AB87). In addition, one final permanent program rule was published in 1996. Subject to Office of Surface

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



current funding realities and resource constraints, the Office of Surface Mining has formed a team to further reevaluate its amendment process with a focus on streamlining initiatives, processing efficiency, and responsiveness. In 1996, the Office of Surface Mining published 59 proposed and 48 final state program amendments in the Federal Register.

**TABLE 3  
FINAL RULE PUBLISHED DURING 1996**

### Lands Eligible For Remining (RIN 1029-AB74).

60 FR 58480      30 CFR Parts 701, 773, 785, 816, and 817      11/27/95

This rule provides incentives for the remining and reclamation of previously mined and inadequately reclaimed lands eligible for expenditures under Title IV of SMCRA.

Mining approval, states have the right to amend their programs at any time for appropriate reasons. Whenever SMCRA or its implementing regulations are revised, the Office of

Mining has been decentralized, and format and content guidelines for state program submissions have been issued to the states. Also, in response to the



## TABLE 4

### 1996 SIGNIFICANT COURT and IBLA DECISIONS

#### OWNERSHIP AND CONTROL

*Pittston Coal Co. v. Babbitt*, No. 92-1606 (4th Cir.)

On April 15, 1996, the U.S. Supreme Court denied Pittston's request for certiorari. The 4th Circuit Court of Appeals had affirmed the decision by the Western District of Virginia that SMCRA's requirement that challenges to OSM's national regulations be brought in the D.C. District Court applied also to indirect challenges to the rules. Thus, Pittston's challenge to OSM's application of the ownership and control rules on due process grounds was found to be beyond the jurisdiction of the courts in the Fourth Circuit. In June, the Fourth Circuit transferred the case to the D.C. District Court. In July, 1996 the parties reached a settlement agreement which has been filed with the district court for approval.

#### TAKINGS

*Eastern Minerals International, Inc., et al. v. United States*, No. 94-1098-L (Fed. Cl.),

On Wednesday, October 2, 1996, Judge Robert Hodges held that there had been a regulatory taking by OSM of the leasehold interest of plaintiff Eastern Minerals and of the royalty interest of plaintiffs Wilson and Ann Wyatt, but dismissed the claims of the other plaintiffs. In reaching this decision, Judge Hodges found that OSM had unreasonably delayed its processing of Eastern Minerals' permit application, and that the Government had no intention of ever granting the plaintiffs a permit. In reaching his decision, Judge Hodges ruled that plaintiffs, in order to prevail, did not have to show that they had a compensable expectancy to be free of the regulatory requirements that resulted in the alleged taking. He also held that the noise and hydrology consequences which had concerned OSM did not constitute nuisances under Tennessee state law. Finally, Judge Hodges held that the taking occurred on the date Eastern's lease interest lapsed even though no Government action occurred on that date.

#### STATE PROGRAM AUTHORITY

*Cat Run Coal Co. v. Babbitt*, No. 95-1063 (S.D.W.V.)

On August 8, 1996, the court granted the plaintiff's motion for summary judgment in this action challenging OSM's approval of a West Virginia regulation that allows the state regulatory authority to impose reclamation costs and responsibilities not only on "operators" and "permittees" but also on "other responsible parties." The court held that OSM's approval of this regulation violated the notice and comment requirement of the APA because it failed to alert landowners and lessors who might later be liable under the regulation that they were interested parties. The court also held that the West Virginia regulation is inconsistent with SMCRA in that it allows the West Virginia regulatory authority to transfer the costs of reclamation from operators and permittees to landowners who are expressly protected under SMCRA.

#### RULE CHALLENGES

*National Mining Association v. Department of Interior*, No. 94-2740-AER (D.D.C.)

On July 10, 1996, the U.S. District Court for the District of Columbia upheld the Office of Surface Mining's 1994 Applicant/Violator System Procedures Rules, and related regulations promulgated by the Interior Department's Office of Hearings and Appeals (OHA) against wide-ranging challenges brought by a mining industry group. Judge Robinson held that the regulations are within the Secretary's statutory authority, do not violate State primacy, properly allocate the burdens of proof, do not violate Due Process, and are not retroactive. The mining association has appealed.

*National Coal Ass'n v. Lujan, National Wildlife Fed'n v. Lujan*, Nos. 94-5351, 94-5353 (D.C. Cir.),

On April 1, 1996, the U.S. Court of Appeals for the D.C. Circuit denied industry's request for rehearing en banc of the three-judge panel's December 12, 1995, decision which sustained the Secretary's NOV regulation challenged by industry groups. Although the court of appeals reached its decision on procedural, rather than substantive, grounds, its ruling leaves intact a system of federal oversight that includes the full range of federal enforcement against a mine operator when there is a violation of an environmental standard at the mining operation and when a State fails to enforce its State program.

#### AML

*Addington Mining, Inc. v. U. S. Department of the Interior*, No. 94-464-C (Fed. Cl.)

On June 28, 1996, Judge Margolis rejected Addington's claim for a refund of \$267,056.73 in abandoned mine reclamation fees and penalties. Addington claimed that AML payer letters are not binding, and contended that the company had satisfied the regulatory requirement of "demonstrat[ing] through competent evidence that there is a reasonable basis for determining the existence and amount of excess moisture." The court found that, based on the information in the administrative record, it was reasonable for OSM to conclude that Addington had failed to demonstrate a reasonable basis for its excess moisture deduction. Judge Margolis also upheld OSM's assessment of a penalty against Addington on fees that had been underpaid.

#### ADMINISTRATIVE DECISIONS: INTERIOR BOARD OF LAND APPEALS OWNERSHIP AND CONTROL

*James Spur, Inc. v. OSM*, No. D 95-184

On April 15, 1996, the Director of the Department's Office of Hearings and Appeals affirmed the decision of the Interior Board of Land Appeals (133 I.B.L.A. 123), that an applicant's showing of legitimate purposes for its ability to control another entity would rebut a presumption of ownership or control where there was no evidence of the exercise of control. Thus, James Spur and related persons were determined not to be linked to unabated violations by contract miner B & J Excavating Company.

Surface Mining works with states and other interested parties to seek consensus on oversight techniques. To maintain objectivity, the Office of Surface Mining also plans and conducts inspections, independent reviews, and technical analyses. Table 5 summarizes the Office of Surface Mining's oversight inspection and enforcement activities during 1996.

Prior to 1996, the Office of Surface Mining focused its oversight activities on the states' procedural compliance with state program processes and procedures. Under revised oversight guidance implemented in January 1996, the Office of Surface Mining's evaluation activities now primarily focus on end results and the on-the-ground success of states in meeting SMCRA's environmental protection and public participation goals, especially those dealing with prompt and effective reclamation of land mined for coal. Based in part on input the Office of Surface Mining actively sought from its customers, the Office of Surface Mining and the states developed state-specific evaluation plans tailored to the unique conditions of each state program and governed by performance agreements. Through these performance agreements, the Office of Surface Mining and the states jointly are identifying common goals and are

### 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

Office of Surface Mining-approved 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 successful 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

In implementing its oversight duties under SMCRA to evaluate the administration of approved state programs, the Office of

**TABLE 5  
FEDERAL OVERSIGHT OF STATE PROGRAMS  
1996**

State	Number of Inspections		Notice of Violations		Failure-To-Abate		Imminent Harm	
	Complete	Total	Actions	Violations	Actions	Cessation Orders	Actions	Cessation Orders
Alabama	126	155	0	0	0	0	0	0
Alaska	0	2	0	0	0	0	0	0
Arkansas	11	15	0	0	0	0	0	0
Colorado	4	11	0	0	0	0	0	0
Illinois	0	127	1	1	1	1	0	0
Indiana	0	100	0	0	0	0	0	0
Iowa	4	5	0	0	0	0	0	0
Kansas	8	8	0	0	0	0	0	0
Kentucky	193	721	12	13	6	7	0	0
Louisiana	2	2	0	0	0	0	0	0
Maryland	21	37	1	1	0	0	0	0
Mississippi	3	7	0	0	0	0	0	0
Missouri	10	20	0	0	0	0	0	0
Montana	2	20	0	0	0	0	0	0
New Mexico	0	12	0	0	0	0	0	0
North Dakota	7	7	0	0	0	0	0	0
Ohio	2	83	0	0	0	0	0	0
Oklahoma	69	123	1	1	0	0	0	0
Pennsylvania	69	126	19	19	11	11	0	0
Texas	10	13	0	0	0	0	0	0
Utah	0	2	0	0	0	0	0	0
Virginia	44	244	0	0	1	4	0	0
West Virginia	53	348	14	14	5	5	0	0
Wyoming	3	4	0	0	0	0	0	0

\* Of the 48 Notice of Violation and 24 Cessation Orders issued by the Office of Surface Mining, 46 NOV's and 22 CO's were related to Abandoned Mine Land fees.

making progress in implementing the new oversight guidance by targeting substantive issues for review and measuring critical end results.

If oversight activities indicate that a desired end result is not being achieved, the Office of Surface Mining will conduct an independent review to determine the root cause of the problem. Of course, if a safety or design issue arises, the Office of Surface Mining will work with the state to assure that the problem is corrected expeditiously.

**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 any 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

**TABLE 6  
REGULATORY PROGRAM STATISTICS  
1996 (January 1, 1996-September 30, 1996)**

	Alabama	Alaska	Arizona	Arkansas	Colorado	Delaware	Georgia	Idaho	Illinois	Indiana	Iowa	Kansas	Kentucky	Kentucky*	Louisiana	Maryland	Missouri
Regulatory Program Staffing (FTE's 9/30/96)	33	3.1	NA	6	26	1	NA	NA	58.5	58.2	4.7	3.6	455	2.7	4	13.8	15.6
Abandoned Mine Land Program Staffing (FTE's 9/30/96)	18.8	5	NA	6	13	6.5	NA	2.5	34	23	5.3	12.6	47	0	1	8	12.4
New Permits	6	1	1	1	0	0	0	1	6	14	0	1	102	3	0	2	3
New Acreage Permitted	1,630	54	417	46	0	156	0	70	2,072	7,059	0	135	52,771	141	0	163	398
New Hectars Permitted	65.9.6	21.8	168.7	18.6	0	63.1	0	28.3	83.8.5	2856.6	0	54.6	21,355.7	57.0	0	65.9	161.0
Total Acreage Permitted	94,288	6,483	417	16,500	160,948	5,440	303	62,830	99,515	266,300	8,600	10,816	2,209,540	26,719	45,200	6,703	46,400
Total Square Kilometers Permitted	381.5	26.2	1.6	66.7	651.3	22.0	1.2	254.2	402.7	1077.6	34.8	43.7	8941.7	108.1	182.9	27.1	187.7
Inspectable Units (9/30/96)	298	9	1	21	60	1	8	7	75	258	32	20	3,115	55	2	72	72
Complete Inspections	2691	21	0	82	178	3	10	23	362	1,130	89	70	13,499	163	6	328	167
Partial Inspections	409	33	0	147	376	7	22	15	756	2,610	178	137	17,076	269	12	435	279
Notices of Violations (Actions)	176	1	0	5	16	0	0	15	38	61	45	1	740	13	4	3	54
Notices of Violations (Violations)	245	2	0	12	16	0	0	23	38	70	45	1	1,417	18	5	3	54
Failure-to-Abate Cessation Orders (Actions)	66	0	0	1	1	0	0	0	2	2	28	0	92	0	0	0	11
Failure-to-Abate Cessation Orders (Violations)	80	0	0	3	1	0	0	0	2	4	28	0	NA	0	0	0	11
Imminent Harm Cessation Orders (Actions)	3	0	0	0	0	0	0	0	0	0	0	0	12	3	0	0	0
Imminent Harm Cessation Orders (Violations)	5	0	0	0	0	0	0	0	0	0	0	0	12	3	0	0	0
Bond Forfeitures	11	0	0	0	2	0	0	0	0	1	0	0	35	0	0	0	0
Acreage of Phase III Bond Release	1,356	0	0	3	16	0	0	0	2,132	3,517	0	24	16,991	111	0	120	3,430
Hectars of Phase III Bond Release	548.7	0	0	1.2	6.4	0	0	0	862.7	1423.2	0	9.7	6876.0	44.9	0	48.5	1,388.0

\*Federal Lands Program, \*\*Indian Lands Regulatory Program, NA - Information not available



the Office of Surface Mining. Full federal programs are in effect in 12 states: Arizona, California, Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, Tennessee, and Washington.

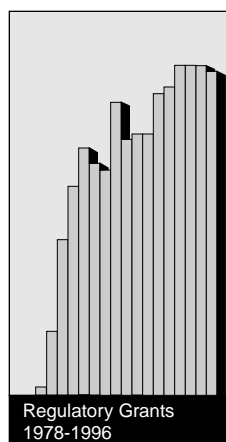
Of the federal program states, only Tennessee and Washington had active coal mining in 1996. Table 6 summarizes the Office of Surface Mining's regulatory actions in those two states during 1996.

### Grants to States

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 were awarded in

1996, the Office of Surface Mining did work with Indian tribes on 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



Office of Surface Mining inspector George Olvey checks soil acidity and records the location with a global positioning system receiver.

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 spent to regulate coal mining on those lands. Table 7 shows grant

amounts provided to states during 1996 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

TABLE 6 (continued)  
REGULATORY PROGRAM STATISTICS  
1996 (January 1, 1996-September 30, 1996)

	Montana	Nevado Tribe**	New Mexico	North Dakota	Ohio	Oklahoma	Pennsylvania	Tennessee	Texas	Utah	Utah Tribe**	Virginia	Washington	West Virginia	West Virginia*	Wyoming
Regulatory Program Staffing (FTE's 9/30/96)	20.9	NA	13.8	9.7	61	33	297	56	21	24	NA	82.6	NA	261	NA	30.2
Abandoned Mine Land Program Staffing (FTE's 9/30/96)	10	24	11.5	5.8	19	6	137	0	11	9	NA	17	NA	69	NA	12.5
New Permits	0	0	1	0	34	3	68	9	1	1	0	26	0	69	0	0
New Acreage Permitted	19	0	17,702	12,671	3,254	3,283	1,371	1,355	13,929	100	0	3,982	0	10,511	0	110
New Hectars Permitted	7.6	0	7,163.7	5,127.8	1316.8	1328.5	554.8	548.3	5636.8	40.4	0	1611.4	0	4253.6	0	44.5
Total Acreage Permitted	60,745	32,268	49,970	72,600	145,830	50,300	502,445	23,469	176,900	119,060	265	60,555	14,931	283,244	20	321,500
Total Square Kilometers Permitted	245.8	130.5	202.2	293.8	590.1	203.5	2033.3	94.9	715.8	480.8	1.0	245.0	60.4	1146.2	.08	1,301.0
Inspectable Units (9/30/96)	17	8	15	46	699	119	2,512	477	24	31	2	732	2	3,242	1	38
Complete Inspections	65	21	50	134	1,665	338	7,677	954	100	87	6	2,909	14	10,249	3	117
Partial Inspections	84	44	80	451	2,178	523	12,312	1,055	207	167	11	2,943	16	12,571	3	228
Notices of Violations (Actions)	12	4	3	0	101	44	720	52	19	14	0	158	0	1,462	0	10
Notices of Violations (Violation s)	12	6	3	0	101	70	878	70	24	18	0	196	0	1,462	0	10
Failure-to-Abate Cessation Orders (Actions)	0	0	0	0	5	8	45	8	0	0	0	6	0	187	0	0
Failure-to-Abate Cessation Orders (Violation s)	0	0	0	0	5	8	57	9	0	0	0	6	0	187	0	0
Imminent Harm Cessation Orders (Actions)	0	0	0	0	3	2	0	0	0	1	0	2	0	18	0	0
Imminent Harm Cessation Orders (Violation s)	0	0	0	0	3	2	0	0	0	1	0	2	0	18	0	0
Bond Forfeitures	0	0	0	0	5	1	32	2	0	0	0	0	0	35	0	0
Acreage of Phase III Bond Release	0	0	0	135	4,437	1,150	9,256	423	1,002	0	0	988	16	3,664	0	0
Hectars of Phase III Bond Release	0	0	0	54.6	1795.6	465.3	3745.7	171.1	405.4	0	0	399.8	6.4	1482.7	0	0

\*Federal Lands Program, \*\*Indian Lands Regulatory Program, NA - Information not available

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 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 1996, the Secretary had entered into such cooperative agreements with Alabama, Colorado, Illinois, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Utah, Virginia,



Reclamation of a road is part of the mine operator's responsibility to leave the site in the same condition as before mining.

**TABLE 7  
REGULATORY GRANT FUNDING  
1996 OBLIGATIONS**

State	Federal Funding		Cumulative Through 1996*
	1996	1995	
Alabama	\$1,189,270	\$1,204,372	\$19,722,678
Alaska	171,510	175,785	4,559,694
Arkansas	170,980	173,151	2,578,153
Colorado	1,569,053	1,502,111	17,469,147
Illinois	2,283,776	2,340,818	37,933,982
Indiana	1,669,664	1,708,648	21,443,127
Iowa	155,010	156,978	1,886,527
Kansas	125,119	126,708	2,240,193
Kentucky	12,456,815	12,412,454	183,119,163
Louisiana	183,553	210,985	2,519,313
Maryland	470,712	446,308	8,360,603
Michigan	0	0	135,458
Mississippi	30,181	0	514,558
Missouri	423,576	428,956	5,783,225
Montana	859,756	870,673	11,073,357
New Mexico	676,832	685,471	8,602,977
North Dakota	509,983	516,459	8,386,245
Ohio	2,124,017	2,508,662	48,607,601
Oklahoma	837,855	848,494	11,890,511
Pennsylvania	10,630,839	10,559,476	142,675,592
Rhode Island	0	0	158,453
Tennessee	0	0	5,340,085
Texas	1,180,615	1,195,607	13,158,328
Utah	1,388,982	1,305,350	18,023,990
Virginia	2,953,671	3,172,726	46,745,899
Washington	0	0	4,893
West Virginia	7,207,333	7,469,870	69,112,382
Wyoming	1,492,750	1,511,704	22,042,889
Crow Tribe	0	0	732,759
Hopi Tribe	0	0	885,450
Navajo Tribe	0	0	2,140,461
Total	\$50,761,852	\$51,531,766	\$718,047,693

\*Includes obligations for AVS, Kentucky Settlement, and other Title V cooperative agreements. Cumulative figures are net of all prior-year downward adjustments.

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 1996, two new permits were issued by the Office of Surface Mining on 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 1996, 11 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, a portion of an underground mine, 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 that are still under the interim regulatory program.

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 coal mining activities on Indian lands



Bulldozer tracks across the slope provide niches that trap runoff for use by grass seedlings.

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

(including permitting, mine plan review, and bond release); and education in the area of mining and mineral resources. During 1996 the Office of Surface Mining continued working with the four tribes to develop proposed federal legislation for them to assume primacy. Development grant funding was contained in the Bureau of Indian Affairs 1996 budget and will continue in the 1997 Office of Surface Mining budget. Table 6 includes statistics on regulatory activity on Indian lands during 1996.

## Applicant Violator System

Section 510(c) of SMCRA and corresponding regulations (30 CFR 773) prohibit the issuance of surface coal mining permits to applicants responsible for outstanding (i.e., unabated or unresolved) violations. The Applicant Violator System (AVS), a computer database, was developed to help state and federal regulators ensure compliance with that requirement. During 1996, the Applicant Violator System provided recommendations on 4,633 permit applications and Abandoned Mine Land reclamation contracts. The overall system reliability rate was over 92 percent on those applications and contracts, compared with 78 percent in 1995. The reliability rate represents the percent of system recommendations which the Applicant Violator System

office does not overturn during its quality check of the system. This increase of 14 percent over the previous year reflects the successful completion of the move of the system from the U.S. Geological Survey's main-frame computer to an Office of Surface Mining's mini-computer.

In 1996, the Office of Surface Mining reached out to the coal industry to provide information on how the Applicant Violator System works, and to encourage public access. Eight seminars were conducted in Kentucky, West Virginia, Pennsylvania, Ohio, Virginia, and Utah attended by 129 industry representatives and resulting in 56 additional requests for public access to the system. Results of the out-reach included a reduction of over 50 percent in individual



Under the Surface Mining Law excess spoil can be placed in valley fills, under carefully controlled conditions.



This reclaimed mine land has been returned to its pre-mining grazing land use.

requests for information, and a dramatic reduction in last minute permit blocks just prior to permit issuance. Most of the coal industry and supporting consultants and attorneys now get Applicant Violator System information through public access to the system. Coal companies are encouraged to monitor their own status in the system so that if a change in their permit issue status occurs they can start working to resolve the problem immediately, thereby avoiding last minute permit blocks. Permit blocks just prior to permit issuance have dropped from several each week to no more than one per month during 1996.

### **Pennsylvania Anthracite Program**

Section 529 of SMCRA provides an exemption from federal performance standards for anthracite coal mining operations, provided the state law governing those operations was in 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 anthracite 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 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 connection with active mine reclamation.

In 1995<sup>2</sup> the anthracite mining industry increased production<sup>3</sup> to around 8.7 million net tons per year, approximately 13 percent of Pennsylvania's annual coal production. Two-thirds of anthracite coal production is from the reprocessing of anthracite culm banks. Culm reprocessing fuels eight cogeneration plants. Anthracite operators mined approximately 5.8 million tons from culm banks, 2.5 million tons from surface mines, and 0.4 million tons from underground mines.

Pennsylvania's Department of Environmental Protection continues to successfully carry out the provisions of the anthracite regulatory program. State mine inspectors have achieved over 95 percent<sup>4</sup> of the required complete inspections. On 98 percent<sup>5</sup> of the complete inspections conducted by state inspectors, the mine operations were in compliance with performance standards. The District Mining office in Pottsville received special recognition for its efforts to clean-up the headwaters of Swatara Creek.

2. Calendar year

3. Pennsylvania Department of Environmental Protection, Harrisburg, 1995, "Annual Report On Mining Activities"

4. Pottsville District Mining Office, Operation Reports

5. Pennsylvania Department of Environmental Protection, Field Operations Data Base (LUMIS), "Inspector-Citation Summary Report for Period 01/01/96 thru 09/30/96-Summary for Pottsville"



## Technical Assistance

The Office of Surface Mining provides technical assistance to the coal states, tribes, and 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 has generated an atmosphere for resolving problems through technical assistance, rather than oversight.

training courses offered by the Office of Surface Mining on such topics as reclamation bond calculation, erosion and sediment control, and operation of the Technical Information Processing System (TIPS). Office of Surface Mining personnel traveled to Indonesia to provide on-site assistance in the areas of inspection practices, permit processing, and program management. Under the Indonesia agreement, which is funded by the World Bank, all work by the Office

by the Office of Surface Mining in partnership with primacy states. TIPS is maintained by the Office of Surface Mining for use by state regulators and the Office of Surface Mining staff, 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.

TIPS activities in 1996 included installation of a system for the Hopi Tribe. Training of state, tribal, and Office of Surface Mining personnel in the practical application of TIPS is performed on a continuing basis. In 1996 training was provided for surface-water modeling, three-dimensional spatial geologic and toxic-material modeling, geographic information system use, slope stability, subsidence modeling, statistical analysis, and global positioning system uses. Technical training on TIPS software applications reached over 200 state and Office of Surface Mining scientists in 25 courses during 1996. In addition, as part of the Office of Surface Mining's Indonesia project, a TIPS workstation was installed and training provided to Indonesian government staff in support of their effort to develop a mining regulatory program.



Although not a common practice, this reclaimed mine land has been developed into very desirable building lots.

The Office of Surface Mining continues working under a three-year technical assistance agreement with the Bureau of Environment and Technology of the Indonesian Ministry of Mines and Energy. Professional staff members from the Ministry attended

of Surface Mining is done on a 100 percent reimbursable basis.

## Technical Information Processing System (TIPS)

The Technical Information Processing System is a computer system designed



Kentucky mine inspector Chet Edwards examines this high yielding corn crop growing on reclaimed mine land.

## Training

During 1996, 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 1996, a total of 53 instructors contributed to the program with 47 percent of

of Surface Mining 30 percent, and private 6 percent. The 1996 program represented a 58 percent decrease in offerings and services from 1995. Due to budget cuts, only the most critical needs identified by customers were met. The 13 courses offered in 1996 included: Acid-Forming Materials: Fundamentals; Acid-Forming Materials: Planning & Prevention; Abandoned Mine Land Project Design; Basic Inspection Workbook; Blasting; Expert Witness;

needs better. Indonesian students attended courses in both the U.S. and Indonesia.

Since funding was restored for 1997, the program will resume offering a full schedule of 21 courses in approximately 50 course sessions in 1997.

## Small Operator Assistance Program (SOAP)

Section 401 (b)(1) of SMCRA authorizes up to 10 percent of the fees collected for the Abandoned Mine Reclamation Fund to be

**TABLE 8  
SMALL-MINE OPERATOR  
ASSISTANCE  
1996 GRANT AWARDS\***

State	1996	1995
Kentucky	\$1,383,690	\$1,009,805
Maryland	75,000	103,715
Ohio	240,000	272,000
Oklahoma	0	4,000
Pennsylvania	1,400,000	1,800,000
Virginia	10,000	10,000
West Virginia	787,500	407,223
Total	\$3,896,190	\$3,606,743

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



Mine inspector examines acid seeps in the highwall.

used to help qualified small mine operators obtain technical data needed for permit applications. Through 1991, operators producing 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 the production limit from 100,000 to 300,000 tons defining whether small operators qualify for assistance.

the instructors from the Office of Surface Mining, 40 percent from 10 states, nine percent from field solicitor offices, and four percent from other sources.

In 1996, 456 participants attended the 26 sessions offered for 13 courses. State and tribal students accounted for 64 percent of program attendance, Office

Evidence Preparation and Testimony; Historical and Archeological Resources; NEPA Procedures; Soil Erosion and Sediment Control; Spoil Handling and Disposal Practices; Effective Writing; and Wetlands Awareness. A new Abandoned Mine Land Project Design course was added and several courses were revised to meet student



Under the Surface Mining Law reclamation follows closely behind the mining operation.



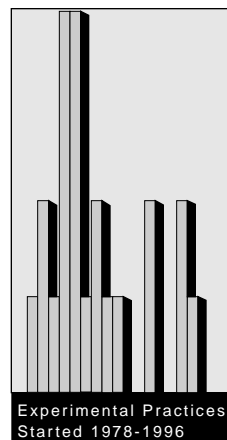
The Energy Policy Act of 1992 (Public Law 102-486) added technical permitting services provided under SOAP. These include engineering analyses and design necessary for the hydrologic impact "determination," cross-section maps and plans, geologic drilling, archaeological and historical information and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



Inspectors check the regraded slope on reclaimed mine land to be sure it is in compliance with the mining and reclamation permit.



SOAP regulations place program responsibility with the states that have Office of Surface Mining-approved permanent surface mining programs. In states with federal programs, the Office of Surface Mining operates SOAP. In 1996, 145 small mine operators received assistance, a decrease from 156 operators in 1995. Table 8 provides a breakdown of SOAP grant awards by state during 1996.



### Experimental Practices

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 to encourage advances in mining technology or to allow innovative industrial, commercial, residential, or public postmining land uses. However, the experimental practices must meet all

other standards established by SMCRA and must maintain 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.

At the end of 1996, there were two ongoing experimental practice projects. Both projects addressed direct seeding of slurry ponds. Another project involving the direct seeding of a slurry pond was successfully completed during the year. In addition, one experimental practice was terminated by state regulators before going to completion and four others were completed; but, administrative close-out procedures have not been completed. An environmen-

tal assessment was written for a new experimental practice which, if approved, will convert a slurry disposal facility into a recreational lake. No new experimental practices were started in 1996.

### Reclamation Awards

The Office of Surface Mining did not present reclamation awards in 1996 due to budget limitations; however, funding for the awards program was included in the 1997 budget and reclamation awards will resume in 1997. Nominations are now being accepted for awards to be presented to mine operators who have completed the most exemplary reclamation of active coal mines in the country.

# An update on Abandoned Mine Land Reclamation of resources affected by mining that took place before the Surface Mining Law was passed in 1977.



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. Implementation is accomplished through an Emergency Program (problems having a sudden danger that presents a high probability of substantial harm to the health, safety, or general welfare of people before the danger can be abated under normal program operating procedures) and a non-emergency program. Just as in the regulatory programs, states and tribes with approved programs carry out these responsibilities.

## **Fund Management**

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 reclamation 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, 1996, the fund collections total \$4,408,918,411.

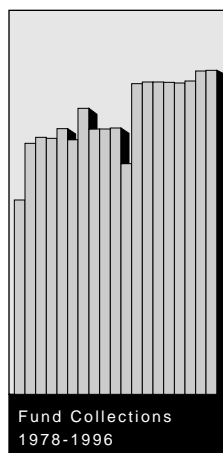
Expenditures from the fund are made through the regular budgetary and appropriation process. SMCRA specifies that 50 percent of the reclamation fees collected in each state with an approved reclama-

tion program, or within Indian lands where the tribe has an approved reclamation program, are to be allocated to that state or tribe. This 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 Small Operator Assistance Program (SOAP), to fund projects

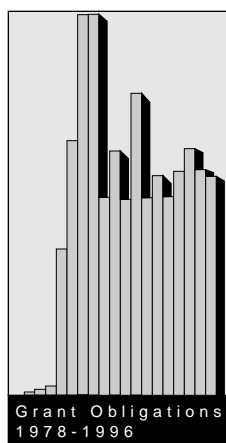
directly through state reclamation programs, and to pay audit and administrative costs. In 1991, at the direction of Congress, a formula to distribute federal-share money to the state reclamation programs was established based on historic coal production. Table 9 shows collections and funding by states for 1996.

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 1996 were \$81.53 million. The average interest earned during the year was 5.07 percent. At the end of the year, the Office of Surface Mining had more than \$1.4 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, 1996, \$154.65 million was available for transfer. At the beginning of 1996, \$47.18 million was transferred to the United Mine Workers Association Combined Benefits Fund from 1996 future earnings.

## Grants to States and Tribes

Beginning with Texas in 1980, the Office of Surface Mining began approving 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 1996, the states and the tribes received grants totaling \$179,690,736.

Since 1979, when the states began receiving abandoned mine land administrative grants to operate their programs and construction grants to complete reclamation projects, \$2,342,557,493 has been distributed from the fund. State grants for administration cost, set-aside and subsidence insurance programs, emergency programs, 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. The 1979-1996 net grant awards for abandoned mine land construction projects totaled \$1.6 billion, and construction obligations at the state/tribe level totaled \$1.5 billion. Grant amounts for 1996 are shown in Table 10. On-the-ground coal mine reclamation accomplishments resulting from grant funding through 1996 are included in Table 13.

Simplified grant funding of state abandoned mine land programs started in 1994. This grant application process eliminates the requirement for advance approval of each reclamation project before a 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

**TABLE 9**  
**ABANDONED MINE LAND FEE COLLECTIONS AND FUNDING**  
**1996**

State/Tribe	AML Collections	State Share Distribution <sup>1</sup>	Federal Share Distribution <sup>1</sup>	Emergency Distribution <sup>1</sup>	Total Distribution <sup>1</sup>
Alabama	\$5,115,521	\$1,705,118	\$1,496,757	\$300,000	\$3,501,875
Alaska	577,672	160,299	1,339,701	25,000	1,525,000
Arkansas	10,142	0	1,500,000	13,000	1,513,000
Colorado	5,312,410	1,450,755	729,443	0	2,180,198
Illinois	8,664,942	3,140,430	5,544,952	561,000	9,246,382
Indiana	8,705,557	2,964,639	1,805,263	310,000	5,079,902
Iowa	0	10,962	1,489,038	0	1,500,000
Kansas	92,816	51,836	1,448,164	460,000	1,960,000
Kentucky	33,984,114	10,605,088	5,434,405	0	16,039,493
Louisiana	326,045	95,104	0	0	95,104
Maryland	649,442	223,867	1,276,133	0	1,500,000
Missouri	180,471	179,889	1,320,111	0	1,500,000
Montana	11,323,212	3,627,014	0	125,000	3,752,014
New Mexico	5,052,884	1,337,663	177,337	0	1,515,000
North Dakota	2,973,670	920,265	579,735	50,000	1,550,000
Ohio	6,304,505	2,286,694	3,399,127	1,700,000	7,385,821
Oklahoma	715,510	184,939	1,315,061	0	1,500,000
Pennsylvania	12,847,303	4,111,233	17,924,037	0	22,035,270
Tennessee	832,757	0	0	0	0
Texas	5,622,674	1,557,077	0	0	1,557,077
Utah	3,971,141	958,370	541,630	0	1,500,000
Virginia	7,111,431	2,338,426	1,667,989	350,000	4,356,415
Washington	1,617,617	0	0	0	0
West Virginia	34,876,130	9,382,801	10,301,317	4,350,000	24,034,118
Wyoming	90,424,305	20,953,653	0	0	20,953,653
Crow Tribe	1,571,234	467,445	0	0	467,445
Hopi Tribe	1,265,686	449,522	0	0	449,522
Navajo Tribe	6,262,389	3,302,711	0	0	3,302,711
Total	\$256,391,580	\$72,465,800	\$59,290,200	\$8,244,000	\$140,000,000

1. "The term 'Distribution' is now used instead of 'Allocation'. Allocation refers to the 'pooling' of monies collected for the AML 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.



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 distribution is too small for the state to administer a program.

During 1996, Alaska, Arkansas, Iowa, Kansas, Maryland, Missouri, North Dakota, Oklahoma, and Utah were eligible for

minimum level program funding and received such grants during the year. Minimum-level program funding remained at \$1,500,000 for 1996. Eligible states received \$7,769,571 that was deducted from non-minimum program states and tribes for federal-share money in 1996. These amounts bring the 10 states 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 grants are limited to state share funds.

### 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 of 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 1996, ten states set aside \$5,825,475.

### 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 1996, one subsidence insurance grant was issued to Wyoming in the amount of \$120,000. Through 1996,

**TABLE 10**  
**ABANDONED MINE LAND GRANTS\* TO PRIMACY STATES AND INDIAN TRIBES**  
**1996**

State/Tribe	Subsidence Insurance	10% Program Set-Aside	Administration <sup>3</sup>	Project Costs <sup>4</sup>	Emergency <sup>5</sup>	1996 Total	1995 Total
Alabama	\$0	\$0	\$639,777	\$3,033,204	\$300,000	\$3,972,981	\$3,822,767
Alaska	0	0	401,712	2,238,280	25,000	2,664,992	1,548,400
Arkansas	0	0	371,645	1,650,479	13,000	2,035,124	1,757,474
Colorado	0	218,020	583,600	1,367,100	0	2,168,720	2,240,000
Illinois	0	0	1,233,397	7,681,985	561,000	9,476,382	9,713,411
Indiana	0	476,990	1,024,594	4,940,010	310,000	6,751,594	8,884,694
Iowa	0	0	296,170	1,258,118	0	1,554,288	1,557,604
Kansas	0	0	153,949	1,406,971	460,000	2,020,920	2,400,232
Kentucky	0	0	1,136,706	15,150,174	0	16,286,880	15,919,624
Louisiana	0	0	123,053	62,850	0	185,903	89,066
Maryland <sup>1</sup>	0	20,897	541,785	0	0	562,682	2,971,189
Missouri	0	67,764	538,601	1,582,570	0	2,188,935	2,158,510
Montana	0	0	495,227	3,167,761	125,000	3,787,988	6,862,720
New Mexico	0	151,500	1,186,296	1,013,700	0	2,351,496	1,642,602
North Dakota	0	118,365	244,757	1,404,023	50,000	1,817,145	2,344,679
Ohio <sup>1</sup>	0	500,000	2,336,865	3,444,000	1,700,000	7,980,865	9,643,442
Oklahoma	0	0	283,992	1,244,809	0	1,528,801	1,541,399
Pennsylvania <sup>1</sup>	0	2,203,527	6,092,214	30,382,590	0	38,678,331	25,038,164
Texas	0	0	439,226	0	0	439,226	299,120
Utah	0	0	272,668	1,307,163	0	1,579,831	1,960,770
Virginia <sup>12</sup>	0	100,000	1,492,219	4,473,856	830,000	6,896,075	5,575,644
West Virginia <sup>1</sup>	0	1,968,412	8,460,372	23,846,479	4,350,000	38,625,263	31,569,726
Wyoming	120,000	0	414,206	21,614,161	0	22,148,367	19,819,162
Crow Tribe	0	0	145,551	967,658	0	1,113,209	671,168
Hopi Tribe	0	0	241,606	0	0	241,606	191,860
Navajo Tribe	0	0	706,185	1,926,947	0	2,633,132	2,263,813
<b>Total</b>	<b>\$120,000</b>	<b>\$5,825,475</b>	<b>\$29,856,373</b>	<b>\$135,164,888</b>	<b>\$8,724,000</b>	<b>\$179,690,736</b>	<b>\$162,487,240</b>

\* Funding for these grants is derived from the 1996 Distribution and funds recovered or carried over from previous years. Downward adjustments of prior-year awards are not included in the totals.

(1) These 10% set-aside amounts are for Acid Mine Drainage set-aside funding rather than Future set-aside funding.

(2) Administrative amount for Virginia includes \$154,925 for coalbed mapping grant.

(3) Administrative amounts for most states/tribes contain non-emergency indirect costs which are applicable to their entire AML program. These costs cannot be broken down into separate cost categories.

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

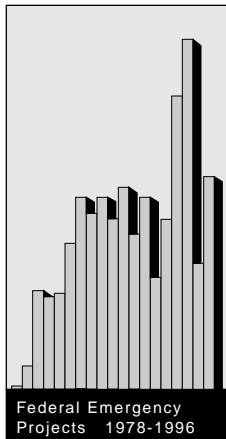
(5) This category contains emergency project, administrative, and indirect costs. Indirect costs are not directly attributable to either emergency project or administrative costs.

the Office of Surface Mining has granted a total of \$11,299,247 to Colorado, Indiana, Kentucky, Ohio, West Virginia, and Wyoming for this purpose. This figure represents a net decrease from 1995 due to a \$520,000 return by Ohio per state law.

### Emergency Program

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. In 1996 \$25.2 million was spent abating over 400 Abandoned Mine Land emergencies in 16 states. Most emergencies occurred

in Pennsylvania, followed by West Virginia, Ohio, Kentucky, and Kansas. The greatest amount of emergency funding was spent in Kentucky, reflecting the large number of landslides which have a high abatement cost.

Table 11 summarizes emergency projects by states and tribes.

Following passage of the Surface Mining Law, the Office of Surface Mining did all emergency reclamation; however, as the state and Tribal programs were approved, many took over emergency

programs. In 1983, Arkansas and Montana assumed emergency project responsibility, followed by Illinois in

	1996 Projects		1978-1995 Projects		Total
	Federal	State	Federal	State	
Alabama	0	9	10	6	25
Arkansas	0	0	1	6	7
California	0	0	3	0	3
Colorado	3	0	87	0	90
Illinois	0	17	51	150	218
Indiana	0	18	94	24	136
Iowa	2	0	13	0	15
Kansas	0	23	270	316	609
Kentucky	34	0	587	0	621
Maryland	3	0	8	0	11
Michigan	0	0	9	0	9
Missouri	0	0	6	0	6
Montana	0	1	7	10	17
Navajo Tribe	0	0	6	0	6
New Mexico	0	0	15	0	15
North Dakota	0	1	15	2	18
Northern Cheyenne Tribe	0	0	2	0	2
Ohio	0	35	190	78	303
Oklahoma	2	0	41	0	43
Pennsylvania					
Anthracite	105	0	777	0	882
Bituminous	72	0	557	0	629
Subtotal	177	0	1,334	0	1,511
Rhode Island	0	0	1	0	1
Southern Ute Tribe	0	0	1	0	1
Tennessee	0	0	11	0	11
Texas	0	0	5	0	5
Virginia	0	6	30	47	83
Washington	5	0	33	0	38
West Virginia		64	179	308	551
Wyoming	1	0	37	0	38
Total	227	174	3,046	947	4,393

1984. During 1988 and 1989, Kansas, Virginia, and West Virginia took over responsibility for their emergency projects. Alabama assumed emergency 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 a policy that provided federal share funds (in addition to formula-based allocations) to states and tribes with emergency programs.

The Office of Surface Mining spent \$20.1 million on emergency reclamation projects in 1996. States spent \$5.1 million on emergency reclamation projects in 1996.

Kentucky and Pennsylvania continue to lead the nation in obligations of emergency



**TABLE 12  
FEDERAL RECLAMATION PROGRAM PROJECTS  
1996 OBLIGATIONS**

	Emergency	High Priority	Total 1978-95*	Total Emergency Prior Year Adj in 1996*	Total High Priority Prior Year Adj in 1996*	Total 1978-96*
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	0	1,100,049	0	10	1,100,059
Colorado	34,514	0	1,864,098	0	0	1,898,612
Georgia	0	513,086	2,609,126	0	0	3,122,212
Illinois	0	0	5,376,749	0	0	5,376,749
Indiana	0	0	4,032,023	0	0	4,032,023
Iowa	11,140	0	1,084,065	0	0	1,095,205
Kansas	0	0	5,094,172	0	0	5,094,172
Kentucky	3,728,636	0	81,156,444	(794,338)	0	84,090,742
Maryland	40,670	0	2,626,938	0	0	2,667,608
Michigan	0	37,500	2,019,754	0	0	2,057,254
Missouri	1,829	0	8,033,948	(19,868)	0	8,015,909
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	18,415,430	(4,463)	0	18,410,967
Oklahoma	1,320	0	1,214,350	0	0	1,215,670
Oregon	0	0	42,275	0	0	42,275
Pennsylvania	3,094,573	15,000	91,441,862	(255,001)	0	94,296,434
Rhode Island	0	0	556,229	0	0	556,229
South Dakota	0	0	27,255	0	0	27,255
Tennessee	0	919,000	17,028,837	0	(89,992)	17,857,845
Texas	0	0	287,849	0	0	287,849
Utah	0	0	123,791	0	0	123,791
Virginia	0	0	10,139,469	0	0	10,139,469
Washington	325,860	305,569	5,461,518	0	(641)	6,092,306
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	0	2,812,372	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	0	584,997	0	47	585,044
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
Ute 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
Undistributed	2,000	0	0	0	0	2,000
<b>Total</b>	<b>\$7,240,542</b>	<b>\$1,790,155</b>	<b>\$317,821,181</b>	<b>(\$1,073,670)</b>	<b>(\$90,576)</b>	<b>\$325,687,632</b>

\* Includes prior year contract deobligations and upward adjustments.

funding. Eastern Pennsylvania had heavy rains and snowfall during the winter of 1995-96, which elevated the mine pools in the anthracite coalfields and produced record numbers of emergency subsidence problems. Kentucky experienced a relatively dry year in 1996, resulting in fewer landslide emergencies than in previous years.

Of the 637 potential emergencies referred by Office of Surface Mining field offices, 214 resulted in a declaration of emergency, 85 were determined to be not of an emergency nature, 303 were considered not related to coal mining or were reclaimed by the landowner, and 35 were still under investigation at the close of the fiscal year on September 30, 1996. Non-emergency mining-related complaints were referred to the states for consideration as high-priority abandoned mine land grant projects.

### Non-Emergency Program

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 problems 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 assumed responsibility for correcting abandoned mine land problems, the Office of Surface Mining has greatly reduced its direct participation in the non-emergency portion of the program and during 1996 completed non-emergency projects in Georgia, Michigan, Tennessee, and Washington.

Table 13 summarizes emergency and non-emergency abandoned coal mine reclamation project accomplishments through 1996.

The Abandoned Mine Land Fund also is used to reclaim some problems created by non-coal mines. To be eligible for funding a non-coal project must be a Priority 1 (threat to health and safety) or the state or Indian tribe must certify it has addressed all known coal related problems. Non-coal reclamation project accomplishments are shown in Table 14.

### Post-SMCRA Reclamation

As authorized in the 1996 appropriations, federal civil penalties collected under Section 518 of SMCRA were used to reclaim lands mined and abandoned after August 3, 1977. In 1996, the Office of Surface Mining funded eight reclamation projects costing a total of \$548,216 in Georgia and Kentucky. An additional \$308,403 in unobligated funds will be carried over for use in 1997 reclamation projects.

### Appalachian Clean Streams Initiative

The Appalachian Clean Streams Initiative was started in the fall of 1994 by the Office of Surface Mining with the intent of developing remediation clean-up strategies to reduce and eliminate acid mine drainage from the Nation's streams. The principal source of acid mine drainage pollution in Appalachia is abandoned coal mines. Because of the extent and high reclamation cost of the pollution, this problem cannot be eliminated by any single government agency or group. As a result, the Clean Streams Initiative is designed to facilitate development of partnerships. Through this effort,

the Office of Surface Mining has partnered with over 100 government agencies, private watershed groups, environmental groups, private foundations, coal producers, and private individuals representing a strong beginning for the Clean Streams Initiative. Building on this foundation the FY 1997 appropriation is providing “seed-money” for 13 acid mine drainage clean-up projects in nine states. In addition, during 1996, Congress provided authority through the Interior Department's appropriation to allow states to use Abandoned Mine Lands grant money to match other funds committed to acid mine drainage projects. This will ensure



Early Spring seeding on a reclaimed burning refuse pile in Eastern Pennsylvania.

**TABLE 13**  
**ABANDONED MINE LAND COAL RECLAMATION ACCOMPLISHMENTS**  
**PRIORITY 1 & 2 (Protection of Public Health, Safety, and General Welfare) and Emergency Projects**  
**1978-1996**

	Clogged Streams <sup>1</sup>	Clogged Streams Lands <sup>2</sup>	Highwalls <sup>3</sup>	Impoundments <sup>4</sup>	Piles & Embankments <sup>2</sup>	Slides <sup>2</sup>	Gases <sup>4</sup>	Equipment & Facilities <sup>4</sup>	Water Bodies <sup>4</sup>	Industrial/Residential Waste <sup>2</sup>	Portals <sup>4</sup>	Polluted Water: Ag./Ind. <sup>4</sup>	Polluted Water: Human Consumption <sup>4</sup>	Subsidence <sup>2</sup>	Surface Burning <sup>2</sup>	Underground Mine Fires <sup>2</sup>	Vertical Openings <sup>4</sup>
Alabama	2 (3.2)	117 (47.3)	129,490 (39,460.1)	2	35 (14.1)	8 (3.2)	0	446	47	22 (8.9)	891	0	12	11 (4.4)	50 (20.2)	0	282
Alaska	0	0	960 (292.5)	3	8 (3.2)	0	0	57	0	3 (1.2)	6	0	0	0	0	0	5
Arkansas	1 (1.6)	0	38,406 (11,703.6)	0	164 (66.3)	0	0	1	37	12 (4.8)	6	0	0	3 (1.2)	2 (.8)	0	65
California	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	0	38
CERT*	0	0	7,170 (2,184.9)	456	19 (7.6)	0	0	6	30	9 (3.6)	71	0	0	34 (13.7)	0	0	17
Colorado	0	0	51,493 (15,691.7)	0	7 (2.8)	0	0	1	0	2 (.8)	500	3	0	46 (18.6)	31 (12.5)	115 (46.5)	272
Crow	0	0	670 (204.1)	1	35 (14.1)	22 (8.9)	0	2	0	0	8	1	0	16 (6.4)	0	0	4
Georgia	0	0	4,100 (1,249.4)	3	3 (1.2)	0	0	0	0	0	85	0	1	0	0	0	8
Hopi	0	0	14,302 (4,358.3)	0	0	0	0	8	0	0	9	0	0	0	0	2 (.8)	2
Illinois	14 (22.5)	714 (288.9)	15,685 (4,779.7)	6	128 (51.8)	2 (.8)	9	224	2	42 (16.9)	111	11	0	17 (6.8)	17 (6.8)	0	410
Indiana	14 (22.5)	106 (42.8)	89,775 (27,357.5)	5	484 (195.8)	1 (.4)	3	85	2	22 (8.9)	42	6	6	36 (14.5)	5 (2.0)	0	251
Iowa	4 (6.4)	245 (99.1)	46,035 (14,028.4)	1	710 (287.3)	0	0	4	20	2 (.8)	1	12	1	1 (.4)	0	0	17
Kansas	0	1 (.4)	72,921 (22,221.5)	1	104 (42.0)	1 (.4)	0	2	2	13 (5.2)	0	3	0	31 (12.5)	3 (1.2)	0	8
Kentucky	35 (56.3)	8,060 (3,261.7)	16,169 (4,927.2)	87	254 (102.7)	1,674 (677.4)	0	148	12	49 (19.8)	1,179	5	3,001	63 (25.4)	208 (84.1)	83 (33.5)	67
Maryland	3 (4.8)	41 (16.5)	26,680 (8,130.3)	0	99 (40.0)	17 (6.8)	0	12	9	15 (6.0)	17	3	1	9 (3.6)	0	0	2
Michigan	0	0	950 (289.4)	0	0	0	0	4	2	0	0	0	0	0	8 (3.2)	0	11
Missouri	11 (17.6)	1,392 (563.3)	53,712 (16,367.9)	6	352 (142.4)	0	0	27	10	70 (28.3)	17	30	15	2 (.8)	19 (7.6)	2 (.8)	51
Montana	3 (4.8)	2 (.8)	5,650 (1,721.7)	3	62 (25.0)	1 (.4)	0	182	0	74 (29.9)	718	17	12	473 (191.4)	302 (122.2)	69 (27.9)	430
Navajo	0	0	0	1	1 (.4)	7 (2.8)	0	4	0	0	152	0	0	5 (2.0)	3 (1.2)	0	7
N.Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
N.Dakota	0	0	43,049 (13,118.5)	4	303 (122.6)	35 (14.1)	0	14	18	2 (.8)	13	6	0	1,158 (468.6)	1 (.4)	0	88
New Mexico	0	0	0	0	2 (.8)	0	0	13	0	0	225	1	1	29 (11.7)	35 (14.1)	32 (12.9)	80
Ohio	13 (20.9)	4,503 (1,822.3)	28,607 (8,717.5)	5	96 (38.8)	307 (124.2)	0	39	4	34 (13.7)	146	0	3	42 (16.9)	73 (29.5)	0	135
Oklahoma	1 (1.6)	0	170,194 (51,864.0)	0	0	0	0	13	151	6 (2.4)	101	3	2	5 (2.0)	0	0	74
Oregon	0	0	0	0	0	0	0	3	0	0	12	0	0	0	0	0	3
Pennsylvania	29 (46.6)	43 (17.4)	444,291 (135,390.9)	42	469 (189.7)	21 (8.4)	0	286	81	24 (9.7)	212	1	8	2,247 (909.3)	124 (50.1)	815 (329.8)	356
Rhode Island	0	0	0	0	0	0	0	0	0	0	0	0	0	6 (2.4)	0	0	0
S. Dakota	0	0	135 (41.1)	0	0	0	0	4	0	0	5	0	0	1 (.4)	0	0	1
Tennessee	0	147 (59.4)	16,255 (4,953.4)	0	200 (80.9)	46 (18.6)	0	25	9	11 (4.4)	187	0	5	6 (2.4)	28 (11.3)	0	10
Texas	0	0	3,285 (1,001.0)	0	987 (399.4)	0	0	0	0	0	6	0	0	0	0	0	19
Utah	14 (22.5)	9 (3.6)	2,925 (891.3)	1	115 (46.5)	0	19	146	0	2 (.8)	497	2	0	5 (2.0)	39 (15.7)	19 (7.6)	23
Virginia	59 (94.9)	776 (314.0)	8,268 (2,519.5)	14	231 (93.4)	189 (76.4)	0	191	1	2 (.8)	638	0	90	5 (2.0)	27 (10.9)	0 (0)	86
Washington	0	0	0	0	3 (1.2)	0	0	4	0	0	24	0	0	6 (2.4)	15 (6.0)	0	56
W. Virginia	36 (57.9)	149 (60.2)	138,713 (42,270.6)	178	2,492 (1,008.4)	353 (142.8)	3	292	1	29 (11.7)	1,443	10	333	202 (81.7)	312 (126.2)	18 (7.2)	80
Wyoming	1 (1.6)	0	9,011 (2,745.9)	1	500 (202.3)	0	0	15	0	1 (.4)	186	0	0	278 (112.5)	9 (3.6)	92 (37.2)	187
<b>Total (1996)</b>	<b>240 (385.7)</b>	<b>16,305 (6,597.7)</b>	<b>1,438,901 (438,481.9)</b>	<b>820</b>	<b>7,863 (3,180.7)</b>	<b>2,684 (1,085.6)</b>	<b>34</b>	<b>2,258</b>	<b>438</b>	<b>446 (179.8)</b>	<b>7,533</b>	<b>114</b>	<b>3,491</b>	<b>4,737 (1,916.0)</b>	<b>1,311 (529.6)</b>	<b>1,247 (504.2)</b>	<b>3,150</b>
<b>Total (1995)</b>	<b>215 (345.9)</b>	<b>15,647 (6,332.1)</b>	<b>1,272,745 (387,849.7)</b>	<b>317</b>	<b>7,831 (3,169.1)</b>	<b>2,478 (1,002.8)</b>	<b>33</b>	<b>2,074</b>	<b>369</b>	<b>401 (162.2)</b>	<b>7,154</b>	<b>99</b>	<b>3,052</b>	<b>4,431 (1,793.1)</b>	<b>1,259 (509.5)</b>	<b>1,221 (494.1)</b>	<b>2,944</b>

**TABLE 13 (continued)**  
**ABANDONED MINE LAND COAL RECLAMATION ACCOMPLISHMENTS**  
**PRIORITY 3 (Environmental Restoration)**  
**1978-1996**

	Bench <sup>2</sup>	Industrial/Residential Waste <sup>2</sup>	Equipment & Facilities <sup>4</sup>	Gob <sup>3</sup>	Highwall <sup>3</sup>	Haul Road <sup>3</sup>	Mine Opening <sup>4</sup>	Pit <sup>2</sup>	Spoil Area <sup>2</sup>	Slurry <sup>2</sup>	Slump <sup>2</sup>	Water <sup>5</sup>	
	23 (9.3)	10 (4.0)	8	186 (75.2)	24,175 (7,366.9)	2 (.8)	45	0	9,154 (3,704.5)	8 (3.2)	8 (3.2)	329 (1,245.4)	Alabama
	0	0	0	7 (2.8)	0	0	0	0	0	9 (3.6)	25 (10.1)	0	Alaska
	0	0	0	0	0	0	0	0	0	0	0	0	Arkansas
	0	0	0	0	0	0	0	0	0	0	0	0	California
	0	0	2	4 (1.6)	1,500 (457.1)	0	1	7 (2.8)	80 (32.3)	0	0	0	CERT*
	3 (1.2)	5 (2.0)	7	102 (41.2)	2,028 (618.0)	0	18	83 (33.5)	829 (335.4)	0	0	1 (3.8)	Colorado
	2 (.8)	0	0	21 (8.4)	1,980 (603.3)	12 (4.8)	1	7 (2.8)	23 (9.3)	0	2 (.8)	0	Crow
	0	0	0	3 (1.2)	0	0	2	0	0	0	0	0	Georgia
	0	0	0	25 (10.1)	551 (167.9)	15 (6.0)	0	10 (4.0)	10 (4.0)	0	0	0	Hopi
	1 (.4)	13 (5.2)	97	2,272 (919.4)	4,510 (1,374.3)	140 (56.6)	90	386 (156.2)	1,847 (747.4)	1,033 (418.0)	1 (.4)	365 (1,381.7)	Illinois
	0	52 (21.0)	103	985 (398.6)	4,330 (1,319.5)	32 (12.9)	18	55 (22.2)	1,061 (429.3)	382 (154.5)	2 (.8)	69 (261.2)	Indiana
	0	0	0	1 (.4)	0	5 (2.0)	1	19 (7.6)	440 (178.0)	0	0	0	Iowa
	0	0	1	89 (36.0)	5,100 (1,554.1)	0	0	17 (6.8)	273 (110.4)	10 (4.0)	0	0	Kansas
	619 (250.5)	0	51	197 (79.7)	2,000 (609.4)	0	68	3 (1.2)	997 (403.4)	58 (23.4)	10 (4.0)	0	Kentucky
	0	0	1	21 (8.4)	3,650 (1,112.2)	1 (.4)	0	0	212 (85.7)	0	1 (.4)	70 (265.0)	Maryland
	0	0	1	18 (7.2)	0	1 (.4)	0	1 (.4)	10 (4.0)	0	11 (4.4)	0	Michigan
	0	3 (1.2)	4	129 (52.2)	9,624 (2,932.7)	1 (.4)	0	70 (28.3)	1,233 (498.9)	69 (27.9)	0	86 (325.5)	Missouri
	1 (.4)	76 (30.7)	58	146 (59.0)	1,170 (356.5)	1 (.4)	42	18 (7.2)	842 (340.7)	0	19 (7.6)	241 (912.3)	Montana
	1 (.4)	1 (.4)	2	112 (45.3)	0	10 (4.0)	43	17 (6.8)	164 (66.3)	0	0	0	Navajo
	0	0	0	0	0	0	0	0	0	0	0	0	N. Carolina
	0	0	0	0	0	0	0	0	0	0	0	0	N. Dakota
	2 (.8)	0	11	44 (17.8)	0	6 (2.4)	4	2 (.8)	2 (.8)	2 (.8)	0	0	N. Mexico
	0	0	3	68 (27.5)	9,220 (2,809.6)	0	19	17 (6.8)	382 (154.5)	0	0	0	Ohio
	0	0	0	0	0	0	0	0	0	0	0	0	Oklahoma
	0	0	0	0	0	0	1	0	0	0	0	0	Oregon
	0	0	21	34 (13.7)	5,108 (1,556.5)	0	17	78 (31.5)	1,084 (438.6)	1 (.4)	26 (10.5)	90,306 (341,845.4)	Pennsylvania
	0	0	0	0	0	0	0	0	0	0	0	0	Rhode Island
	0	0	0	0	0	0	0	0	0	0	0	0	S. Dakota
	76 (30.7)	0	15	52 (21.0)	130 (39.6)	8 (3.2)	0	47 (19.0)	325 (131.5)	0	3 (1.2)	360 (1,362.7)	Tennessee
	0	0	0	8 (3.2)	0	0	0	0	152 (61.5)	0	0	0	Texas
	4 (1.6)	7 (2.8)	63	248 (100.3)	550 (167.6)	3 (1.2)	0	8 (3.2)	55 (22.2)	1 (.4)	16 (6.4)	20 (75.7)	Utah
	0	1 (.4)	21	13 (5.2)	0	1 (.4)	21	0	3 (1.2)	0	0	20 (75.7)	Virginia
	0	0	0	0	0	0	0	0	0	0	0	0	Washington
	0	0	0	5 (2.0)	15,040 (4,583.2)	0	1	5 (2.0)	9 (3.6)	0	0	602 (2,278.8)	W. Virginia
	0	11 (4.4)	3	30 (12.1)	1,300 (396.1)	1 (.4)	4	10 (4.0)	386 (156.2)	0	0	400,002 (1,514,172.3)	Wyoming
	732 (296.1)	179 (72.1)	472	4,820 (1,949.5)	91,966 (28,024.5)	239 (96.3)	396	860 (347.1)	19,573 (7,919.7)	1,573 (636.2)	124 (49.8)	492,471 (1,864,205.5)	<b>TOTAL (1996)</b>
	720 (291.3)	179 (72.4)	458	4,713 (1,907.2)	84,726 (25,818.9)	188 (76.0)	391	789 (319.2)	18,088 (7,319.9)	1,628 (658.8)	125 (50.5)	491,819 (1,861,737.5)	<b>TOTAL (1995)</b>

#### KEY

**CERT\*** is the Council of Energy Resources Tribes, and includes: Blackfeet; Cheyenne River Sioux; Mandan, Hidatsa, and Arikara (For Berthold); Assiniboin and Sioux (Fort Peck); Northern Cheyenne; Jicarilla Apache; Laguna Pueblo; Chippewa and Cree (Rocky Boys); San Carlos Apache; Southern Ute; Ute Mountain Ute; White Mountain Apache; and Arapaho and Shoshone (Wind River).

#### Units of Measure:

1. Miles (Kilometers)(1.609)
2. Acres (Hectars)(.404687904687905)
3. Feet (Meters)(.304734848484849)
4. Count
5. Gallons/Minute (Liters/Minute) (3.78541186)

#### Source of Data:

The Abandoned Mine Land Inventory System (AMLIS) as submitted by the states/Indian tribes for their Abandoned Mine Land coal programs and the Office of Surface Mining Regional Coordinating Centers for the Federal Reclamation Program.

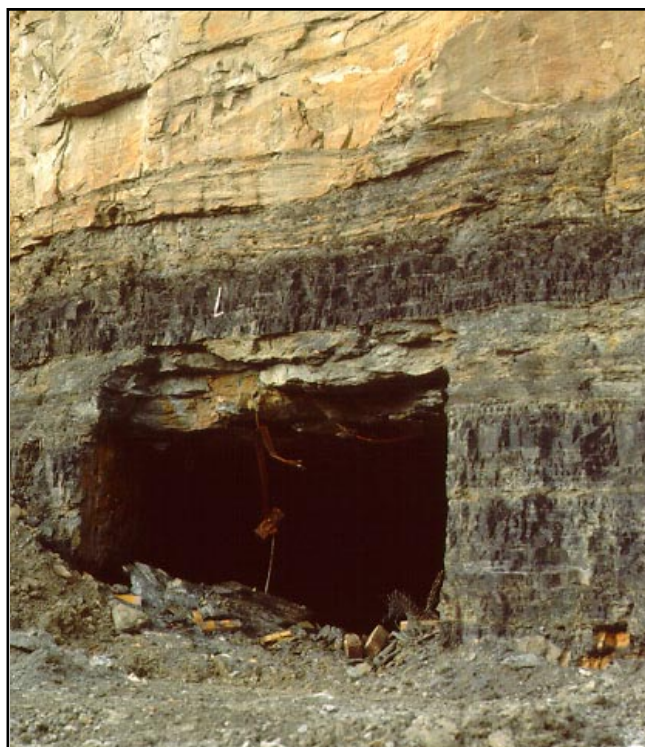


matching funds for projects that would otherwise have not been possible.

### 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). This inventory is 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 generates reports on abandoned mine land accomplishments and problems that still require reclamation. During 1996, for the second year, the states and Indian tribes managed their own data, entering it electronically into the Office of Surface Mining's inventory system. This process resulted in 437 records added, 1,401 modified, and 57 deleted.



Abandoned underground mine portals are extremely dangerous and should never be entered.

**TABLE 14**  
**ABANDONED MINE LAND NON-COAL RECLAMATION ACCOMPLISHMENTS**  
**PRIORITY 1 & 2 (Protection of Public Health, Safety, and General Welfare)**  
**1978-1996**

	Clogged Streams <sup>1</sup>	Clogged Streams Lands <sup>2</sup>	Highwalls <sup>3</sup>	Impoundments <sup>4</sup>	Piles & Embankments <sup>2</sup>	Slides <sup>2</sup>	Gases <sup>4</sup>	Equipment & Facilities <sup>4</sup>	Water Bodies <sup>4</sup>	Industrial/Residential Waste <sup>2</sup>	Portals <sup>4</sup>	Polluted Water: Ag./Ind. <sup>4</sup>	Polluted Water: Human Consumption <sup>4</sup>	Subsidence <sup>2</sup>	Surface Burning <sup>2</sup>	Underground Mine Fires <sup>2</sup>	Vertical Openings <sup>4</sup>
Alabama	0	0	0	0	0	0	0	1	0	0	7	0	0	0	0	0	1
Alaska	0	0	70 (21.3)	0	0	0	0	1	0	0	0	3	0	0	0	0	13
Colorado	0	0	150 (46.7)	0	0	0	0	0	0	0	699	0	0	0	0	0	1,792
Crow	0	0	350 (106.6)	0	4 (1.6)	1 (.4)	0	0	0	0	4	0	0	0	0	0	0
Illinois	0	0	0	0	0	0	0	0	0	0	18	0	0	0	0	0	99
Montana	0	0	10,080 (3,071.7)	0	71 (28.7)	0	1	4	0	4 (1.6)	212	0	0	0	0	0	126
Navajo	0	0	25,955 (7,909.6)	3	95 (38.4)	0	0	0	0	4 (1.6)	171	12	0	1 (.4)	0	0	64
New Mexico	0	0	0	0	3 (1.2)	0	0	1	0	0	146	3	0	5 (2.0)	0	0	438
Ohio	0	0	0	0	0	0	0	1	0	0	16	0	0	0	0	0	1
Texas	0	0	13,430 (4,092.5)	0	85 (34.3)	0	0	0	1	0	13	0	0	0	0	0	161
Utah	0	0	0	0	0	0	0	3	0	0	556	0	0	29 (11.7)	0	0	306
Wyoming	95 (152.8)	2,710 (1,095.7)	259,050 (78,941.5)	2	0	31 (12.5)	0	20	277	2 (.8)	51	2	0	5 (2.0)	0	0	58
<b>Total</b>	<b>95 (152.8)</b>	<b>2,710 (1,095.7)</b>	<b>309,086 (94,188.9)</b>	<b>5</b>	<b>258 (104.2)</b>	<b>32 (12.9)</b>	<b>1</b>	<b>31</b>	<b>278</b>	<b>10 (4.0)</b>	<b>1,899</b>	<b>20</b>	<b>0</b>	<b>40 (16.1)</b>	<b>0</b>	<b>0</b>	<b>3,059</b>

As of September 30, 1996, the system contained information for over 10,000 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. Problem area boundaries are delineated by the extent of their effect on surrounding land and water, not just the abandoned mine sites.

The Surface Mining Law requires the Abandoned Mine Land Program to concentrate its efforts on high priority coal sites (those affecting health,

safety, and general welfare - Priority 1 and 2). Although the Abandoned Mine Land Program is one of the nation's most successful environmental restoration programs, with over \$1.1 billion worth of coal-related high priority problems reclaimed, many projects have yet to be funded. The inventory of unfunded coal-related problems is reduced each year by state, Indian tribe, and federal reclamation projects. Unfortunately, new problems are uncovered as development expands into old coal mining areas. As of September 30, 1996, a break-down of costs from

the National Inventory of Abandoned Mine Land Problems is as follows:

Completed \$1.1 billion 28.5%  
Funded \$0.2 billion 5.6%  
Unfunded \$2.3 billion 65.9%

Total \$3.6 billion 100%

### 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 presented awards to those individuals responsible for completion of the outstanding reclamation. Due to funding limitation, the Office of Surface Mining did not present awards in 1996. In 1997, reclamation awards once again will be presented to recognize the most exemplary reclamation in the country.

**TABLE 14 (continued)**  
**ABANDONED MINE LAND NON-COAL RECLAMATION ACCOMPLISHMENTS**  
**PRIORITY 1 & 2 (Protection of Public Health, Safety, and General Welfare)**  
**1978-1996**

	Bench <sup>2</sup>	Industrial/Residential Waste <sup>2</sup>	Equipment & Facilities <sup>4</sup>	Gob <sup>2</sup>	Highwall <sup>3</sup>	Haul Road <sup>2</sup>	Mine Opening <sup>4</sup>	Pit <sup>2</sup>	Spoil Area <sup>2</sup>	
<b>KEY</b>	0	0	0	0	0	0	0	0	0	Alabama
<b>Units of Measure:</b>	0	0	0	0	0	0	0	0	0	Alaska
1. Miles (Kilometers)(1.609)	0	0	0	0	0	0	0	0	0	Colorado
2. Acres (Hectars) (.404687904687905)	0	0	0	0	300 (91.4)	0	0	4 (1.6)	3 (1.2)	Crow
3. Feet (Meters) (.304734848484849)	0	0	0	0	0	0	0	0	0	Illinois
4. Count	0	0	0	0	0	0	188	16 (6.4)	9 (3.6)	Montana
<b>Source of Data:</b>	0	0	0	0	0	13 (5.2)	3	3 (1.2)	149 (60.2)	Navajo
The Abandoned Mine Land Inventory System (AMLIS) as submitted by the states/Indian tribes for their AML coal programs and the Office of Surface Mining Regional Coordinating Centers for the Federal Reclamation Program.	0	0	0	0	0	0	0	0	0	New Mexico
	0	0	0	0	0	0	0	0	0	Ohio
	0	0	0	0	0	0	0	0	196 (79.3)	Texas
	0	0	0	0	0	0	0	0	0	Utah
	5,240 (2,121.3)	3 (1.2)	18	29 (11.7)	198,800 (60,501.2)	100 (40.4)	0	10,715 (4,336.2)	3,904 (1,579.9)	Wyoming
	5,240 (2,121.3)	3 (1.2)	18	29 (11.7)	199,100 (60,592.6)	113 (45.6)	191	10,738 (4,345.4)	4,261 (1,742.2)	Total

# Financial Position

as of September 30,

## U.S. Department of the Interior Office of Surface Mining Reclamation and Enforcement

(dollars in thousands)

	1996	1995
<b>ASSETS</b>		
Entity Assets:		
Fund Balance with Treasury (Note 2)	\$56,240	\$55,679
Cash (Imprest)	9	21
Investments (Note 3):		
Intra governmental	1,400,574	1,292,066
With the Public		
Receivables:		
Intra governmental (Note 4-A)	12,148	10,841
With the Public (Note 4-B)	14,244	12,675
Advances and Prepayments, with the Public	42	54
Physical Assets (Note 5)	5,394	5,610
Total Entity Assets (Note 23)	1,488,651	1,376,946
Non-Entity Assets:		
Receivables:		
With the Public (Note 4C)	54	123
Total Non - Entity Assets	54	123
<b>Total Assets</b>	<b>1,488,705</b>	<b>1,377,069</b>
<b>LIABILITIES</b>		
Liabilities Covered by Budgetary Resources:		
Intra governmental:		
Payables	453	145
With the Public:		
Payables	9,617	10,083
Accrued Payroll and Benefits	1,775	2,050
Total Liabilities Covered by Budgetary Resources	11,845	12,278
Liabilities Not Covered by Budgetary Resources:		
Intra governmental:		
Payables (Note 4-C)	54	123
With the Public:		
Payables	4,444	4,944
Amounts Held for Others (Note 6)	1,506	1,188
Total Liabilities Not Covered by Budgetary Resources	6,004	6,255
<b>Total Liabilities (Note 22)</b>	<b>17,849</b>	<b>18,533</b>
<b>NET POSITION</b>		
Unexpended Appropriations	47,809	48,998
Cumulative Results of Operations (Note 7)	1,423,047	1,309,538
<b>Total Net Position (Note 8)</b>	<b>1,470,856</b>	<b>1,358,536</b>
<b>Total Liabilities and Net Position</b>	<b>\$1,488,705</b>	<b>\$1,377,069</b>

The accompanying notes are an integral part of these statements.



# Net Cost

for the year ended September 30,

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
(dollars in thousands)

	1996	1995
<b>COSTS</b>		
Reclamation Programs:		
Within the Government (Note 10)	\$7,884	\$8,523
With the Public	207,850	197,335
Total Costs	215,734	205,858
Less Earned Revenue:		
Within the Government	(39)	(266)
With the Public	(61)	(1,216)
Total Program Earned Revenue (Note 11)	(100)	(1,482)
<b>Net Program Costs</b>	<b>215,634</b>	<b>204,376</b>
Regulation and Technology:		
Within the Government (Note 10)	1,528	1,401
With the Public	92,800	102,052
Total Costs	94,328	103,453
Less Earned Revenue:		
Within the Government	(391)	(46)
With the Public	(1,188)	(1,791)
Total Program Earned Revenue (Note 11)	(1,579)	(1,837)
<b>Net Program Costs</b>	<b>92,749</b>	<b>101,616</b>
Costs not Allocated to Programs:		
Depreciation Expense	896	720
Future Funding Requirements (Note 12)	(500)	(89)
Miscellaneous Receipts Bad Debt Expense	2,463	7,057
Total Unallocated Costs	2,859	7,688
Less: Other Earned Revenue	(2,236)	(6,195)
<b>NET COST OF OPERATIONS</b> (Note 9)	<b>\$309,006</b>	<b>\$307,485</b>

The accompanying notes are an integral part of these statements.

# Changes In Net Position

for the year ended September 30,

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
(dollars in thousands)

	1996	1995
<b>Net Cost of Operations</b>	<b>\$309,006</b>	\$307,485
<b>Financing Sources:</b>		
Appropriations Used	<b>93,297</b>	102,438
AML Interest, Non-Federal (Note 13)	<b>3,323</b>	3,007
Investment Interest Earned, Federal	<b>70,688</b>	69,291
Revenue from Fees Assessed	<b>255,575</b>	256,386
Other Revenues and Financing Sources (Note 14)	<b>3,748</b>	4,443
Less Offsetting Bad Debt Expense (Note 15)	<b>(6,273)</b>	(7,632)
Less Appropriation Transfer	<b>0</b>	(7,853)
Less Transfers - Out	<b>(82)</b>	(85)
Net Results of Operations	<b>111,270</b>	112,510
Invested Capital - Adjustments and Other Changes (Note 16)	<b>(41)</b>	(220)
Prior Period Adjustments (Note 17)	<b>2,280</b>	(1,232)
<b>Net Change in Cumulative Results of Operations</b>	<b>113,509</b>	111,058
Change in Unexpended Appropriations (Note 18)	<b>(1,189)</b>	4,339
<b>Change in Net Position</b>	<b>112,320</b>	115,397
Net Position-Beginning of Period	<b>1,358,536</b>	1,243,139
Net Position-End of Period	<b>\$1,470,856</b>	\$1,358,536

Net Results of Operations represents the balance of Financing Sources greater than the Net Cost of Operations.  
The accompanying notes are an integral part of these statements.

# Budgetary Resources

for the year ending September 30,

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
(dollars in thousands)

	1996	1995
<b>Budgetary Resources Made Available:</b>		
Budget Authority	\$316,748	\$293,108
Appropriations Available for Investment but not Obligation (Note 23)	1,082,350	977,587
Transfer of Appropriations (Note 19)	0	(7,853)
Unobligated Balances Available: (Note 20) Beginning of Period (includes expired)	62,449	70,660
Reimbursements and Other Income	2,187	1,997
Adjustments	47,482	24,219
Total Budgetary Resources Made Available	1,511,216	1,359,718
<b>Status of Budgetary Resources:</b>		
Obligations Incurred, Gross	359,823	317,586
Unobligated Balances Available - End of Period	52,896	47,566
Available for Investments/Net Obligations (Note 23)	1,082,350	977,587
Unobligated Balances not Available - End of Period	16,147	16,979
Total Status of Budgetary Resources	1,511,216	1,359,718
<b>Outlays:</b>		
Obligations Incurred, Net	306,937	290,673
Obligated Balance Transferred		
Obligated Balance - Beginning of Period	306,543	318,423
Less: Obligated Balance - End of Period	(303,924)	(306,543)
Total Outlays (Note 21)	\$309,556	\$302,553

The accompanying notes are an integral part of these statements.



# Notes to Consolidated Financial Statements

For the Fiscal Years (FY) ending September 30, 1995 and 1996

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement

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

### A. Basis of Presentation

These financial statements have been prepared to report the financial position, the net cost of operations, the changes in net position, and the budgetary resources of the Office of Surface Mining Reclamation and Enforcement (OSM), as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of OSM in accordance with guidance issued by the Federal Accounting Standards Advisory Board (FASAB) and the Office of Management and Budget (OMB).

The accounting structure of OSM is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds.

The accounting principles and standards applied in preparing the financial statements and described in this note are in accordance with the following hierarchy of accounting principles:

- Statements of Federal Financial Accounting Standards (SFFAS) and Statements of Federal Financial Accounting Concepts (SFFAC). These statements reflect the accounting principles, standards, and requirements recommended by the Federal Accounting Standards Advisory Board (FASAB) and approved by the Comptroller General of the United States, the Director of the Office of Management and Budget (OMB) and the Secretary of the Treasury.
- Form and content requirements for financial statements, as presented in OMB Bulletin No. 94-01 (Form and Content of Agency Financial Statements); and
- The accounting principles and standards contained in departmental and bureau accounting policy and procedures manuals, and/or related guidance.

### B. Reporting Entity

OSM 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 main purpose of this fee is to fund the reclamation of abandoned mine lands. OSM's mission is further defined by SMCRA to include the administration of 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 (Treasury), the General Accounting Office (GAO), and OMB to report on the accounting of SMCRA funds. The Treasury acts as custodian over all monies appropriated and collected by OSM, except for imprest funds.

## C. Business Segments

OSM 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:

**1. 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.

**2. Reclamation Programs** -- Funds for these programs come from revenues collected from excise taxes (Trust Fund) and civil penalty assessments 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 Lands (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.

**3. 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 Treasury's general government fund. In the billing and collection of these funds, OSM is merely acting as a collection agent for the Treasury.

## D. Revenues and Financing Sources

### **1. Realized Operating Revenue**

***Appropriations*** The United States Constitution prescribes that funds must be made available by Congressional appropriation before they may be expended by a Federal agency.

***Other Revenue*** Additional funds are obtained through various sources including reimbursements for services performed for other Federal agencies and the public as well as fees and miscellaneous receipts derived from other OSM programs.

### **2. Assessments**

The Bond Forfeiture Fund receives operating authority based on revenue provided from forfeited performance bonds. Regulations require that proceeds from this fund be used to reclaim lands that are 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. Regulations require that proceeds from this fund be used to reclaim lands adversely affected by coal mining practices on or after August 3, 1977.

# Notes to Consolidated Financial Statements

For the Fiscal Years (FY) ending September 30, 1995 and 1996

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## U.S. Department of the Interior Office of Surface Mining Reclamation and Enforcement

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

The Abandoned Mine Land (AML) 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 past mining.

Since the inception of SMCRA, the Act requires that half of the AML reclamation fees be set aside for the state of origin. The remaining collections--half of the AML and all interest, late-payment penalties, and administrative charges--are set aside without regard to the state from which the fees were collected. Annually, Congress provides grant monies in the OSM appropriation, typically much less than the annual collections, which are distributed to those states and tribes that have a state or tribal run AML program. Fees collected but not yet appropriated, are held in trust for future appropriations.

### **4. Transfers In/Transfers Out**

Prior to 1996, OSM annually transferred a portion of its AML appropriations to the Department of Agriculture's Soil Conservation Service for administering the Rural Abandoned Mine Program. There was no such transfer in 1996.

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.

### **E. Centralized Federal Financing Activities**

OSM'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.

### **F. Allowance for Doubtful Accounts**

OSM uses two different methodologies to recognize bad debts arising from uncollectible accounts receivable, the net of the allowance method and the specific analysis method. The net of the allowance method and the specific analysis method. 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 collectibility of delinquent debt. For all other types, the allowance is based on an analysis of each accounts receivable.

### **G. Grant Expenditures**

OSM 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 Treasury. Either semiannually or annually, grantees report costs incurred to OSM.

### **H. 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, Regulation, Technology, and AML receive an equitable reallocation of indirect costs through a budget-based formula.



## **I. Distribution of AML Appropriation for Reclamation Grants**

OSM distributes the Congressional appropriation through grants to state and tribes from the collections of AML fees. The distribution contains three main components: 1) state share distribution 2) federal share distribution 3) emergency program distribution. The state-share portion is based on the percentage of each state's balance in the AML Trust Fund. All states or tribes with a participating state or tribal reclamation program receive state share distributions on an annual basis if they have a balance in the trust fund. OSM distributes additional monies from the federal-share portion of the AML appropriation based upon state historical coal production prior to 1978. OSM distributes at least \$1.5 million to states or tribes with qualifying reclamation projects. OSM also distributes monies to be used only for qualifying emergency programs from the federal-share portion of the appropriation.

## **J. Fund Balance with Treasury and Cash**

OSM maintains all cash accounts with the Treasury, except for imprest fund accounts. The account "Fund Balance with Treasury" represents appropriated and trust fund balances, both available and unavailable. Cash receipts and disbursements are processed by Treasury. OSM's records are reconciled with those of the Treasury on a monthly basis. Note 2 provides additional information concerning Fund Balances with Treasury.

## **K. Investments**

OSM invests excess cash from AML fee collections in Treasury Bills. Beginning in fiscal year 1996, up to \$70 million of the earnings on these investments have been paid annually to the United Mine Workers Combined Benefit Fund to pay for health benefits of qualifying mine worker beneficiaries. Note 3 provides additional information concerning investments.

## **L. Personnel Compensation and Benefits**

Annual leave is accrued as it is earned by employees. The accrual is reduced as leave is taken. Each year, the balance of accrued annual leave is adjusted to reflect current pay rates. Appropriations do not provide for leave as it is earned, only as it is used. Consequently, OSM is liable for unused annual leave which is considered unfunded. Sick leave and other types of nonvested leave are expensed as used.

Office of Worker's Compensation Program Chargeback and Unemployment Compensation insurance are funded from current appropriations when paid. An unfunded liability is recognized for benefits received by employees, but not yet paid by OSM.

OSM employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1984. Most OSM employees hired after December 31, 1983 are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, may either join FERS and Social Security, or remain in CSRS.

OSM employees contribute seven percent of their gross pay to CSRS. OSM matches these contributions to CSRS on behalf of CSRS employees. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS. CSRS employees, however, do contribute to Medicare. FERS employees are subject to social security and medicare taxes. OSM also contributes an amount equal to one percent of the employee's basic pay to the tax deferred thrift savings plan and matches employee contributions up to an additional four percent of pay for FERS employees. FERS employees can contribute ten percent of their gross earnings to the plan. CSRS employees have the option of contributing to the thrift savings plan up to five percent of their gross salary with no additional government matching.

These statements do not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any. The Office of Personnel Management includes these items on their financial statements.

# Notes to Consolidated Financial Statements

For the Fiscal Years (FY) ending September 30, 1995 and 1996

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement

## M. Income Taxes

As an agency of the U.S. government, OSM is exempt from all income taxes imposed by any governing body, whether it be a Federal, State, Commonwealth of the United States, local, or foreign government.

## Note 2 Fund Balance with Treasury:

The Treasury performs cash management activities for all government agencies. The Fund Balance with Treasury under Current Assets represent the right of OSM to draw on the Treasury for allowable expenditures. The Fund Balance with Treasury represent OSM's unexpended, uninvested account balances. Restricted amounts represent the AML fees collected but not yet made available by Congress.

**Fund Balance with Treasury**  
(dollars in thousands)

	<b>Reclamation Programs</b>	<b>Regulation &amp; Technology</b>	<b>Other</b>	<b>1996 Total</b>	<b>1995 Total</b>
Available	\$ 319,966	\$36,990	\$ 0	<b>\$ 356,956</b>	\$ 354,087
Restricted	1,082,350	16,002	1,506	<b>1,099,858</b>	993,658
Subtotal Fund Balance	\$1,402,316	\$52,992	\$1,506	<b>\$1,456,814</b>	\$1,347,745
Less Invested Balance (See Note 3)	(1,400,574)	0	0	<b>(1,400,574)</b>	(1,292,066)
Total Fund Balance	\$ 1,742	\$52,992	\$1,506	<b>\$ 56,240</b>	\$ 55,679

## Note 3 Investments:

Effective October 1, 1991, OSM assumed the authority to invest the balance of the AML trust funds in non-marketable federal securities under Public Law 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 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 Public Law 102-486 on October 24, 1992, and effective during FY 1996, OSM is required to transfer annually up to \$70 million of interest earned from the invested AML trust funds to the United Mine Workers of America Combined Benefit Fund (UMWCBF). These AML interest proceeds are 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 the Treasury at the time of purchase.

Investments are entered at the market value, with the discount accrued as interest receivable. Please see note Four.

**Investments Treasury Bills**  
(dollars in thousands)

	<b>Reclamation Programs</b>	<b>Regulation &amp; Technology</b>	<b>Other</b>	<b>1996 Total</b>	<b>1995 Total</b>
Face Value	\$1,426,350	\$0	\$0	<b>\$1,426,350</b>	\$1,315,335
Unamortized Discount	(25,776)	0	0	<b>(25,776)</b>	(23,269)
Net Investments	\$1,400,574	\$0	\$0	<b>\$1,400,574</b>	\$1,292,066

## Note 4 Accounts Receivable:

**A.**

**Intragovernmental Receivables**  
**Entity (OSM) Assets**  
(dollars in thousands)

	<b>Reclamation Programs</b>	<b>Regulation &amp; Technology</b>	<b>Other</b>	<b>1996 Total</b>	<b>1995 Total</b>
Environmental Protection Agency	\$ 1	\$0	\$0	<b>\$ 1</b>	\$ 0
General Services Administration	0	1	0	<b>1</b>	0
Treasury	12,146	0	0	<b>12,146</b>	10,841
Net Intragovernmental Receivables	\$12,147	\$ 1	\$ 0	<b>\$ 12,148</b>	\$10,841

**B.**

**Receivables with the Public**  
**Entity (OSM) Assets**  
(dollars in thousands)

	<b>Reclamation Program</b>	<b>Regulation &amp; Technology</b>	<b>Other</b>	<b>1996 Total</b>	<b>1995 Total</b>
AML Fees Principal	\$ 1,169	\$ 0	\$ 0	<b>\$ 1,169</b>	\$ 984
AML Fees Other	186	0	0	<b>186</b>	612
AML Audit Principal	7,334	0	0	<b>7,334</b>	6,302
AML Audit Other	4,924	0	0	<b>4,924</b>	4,137
CP Principal	0	489	0	<b>489</b>	405
CP Other	0	13	0	<b>13</b>	42
Administrative Principal	0	129	0	<b>129</b>	193
Net Receivable with the Public	\$13,613	\$631	\$ 0	<b>\$14,244</b>	\$12,675

AML receivables will, upon collection, increase the state and federal share set-aside balances discussed in footnote 1D3. Civil Penalty receivables will be used to reclaim abandoned mining sites as referenced in footnote 1D2.

**The Other** category represents Accounts Receivable for interest, penalties, and administrative costs. Civil penalty interest is retained by OSM to reclaim mining sites. Civil penalty administrative and penalty charges are forwarded to the Treasury.



# Notes to Consolidated Financial Statements

For the Fiscal Years (FY) ending September 30, 1995 and 1996

## U.S. Department of the Interior Office of Surface Mining Reclamation and Enforcement

Administrative receivables represent overpayments made during the business cycle. Costs reported by grant recipients which were disallowed upon audit are one example of administrative receivables. Interest, penalty, and administrative charges on administrative receivables are forwarded to the Treasury. In addition, certain administrative receivables such as receivables for damage to government property, *is not* retained by OSM but is also forwarded to the Treasury.

C. Non-entity receivables represent receivables which OSM has no statutory authority to retain. The collections on these receivables are transferred annually to Treasury. An intra-governmental payable is established at the same time as the receivable.

### Receivables with the Public Non-Entity (OSM) Assets (dollars in thousands)

	Reclamation	Regulation & Technology	Other	1996 Total	1995 Total
Civil Penalty Other	\$ 0	\$ 0	\$ 32	\$ 32	\$107
Administrative Principal	0	0	0	0	1
Administrative Other	0	0	22	22	15
Net Receivables with the Public	\$ 0	\$ 0	\$ 54	\$ 54	\$ 123

## Note 5 Physical Assets:

OSM does not own any real estate or buildings. All property and equipment are valued at historical cost. Property and equipment are capitalized whenever the initial acquisition cost is \$5 thousand or more and the estimated useful life is two years or longer. However, computer software is not capitalized unless the acquisition cost is \$25 thousand or more.

All property and equipment is depreciated using the straight line method and useful life is determined using General Service Administration guidance. Property, Plant and Equipment is noted as "other" business segment.

### Physical Assets (dollars in thousands)

	Service	Acquisition Value	Accumulated Depreciation	FY 1996 Book Value	FY 1995 Book Value
ADP Equipment	15	\$ 5,347	(1,922)	\$ 3,425	\$ 3,542
Office Equipment	11-20	1,546	(514)	1,032	981
Vehicles	6-10	2,762	(1,825)	937	1,087
Total Physical Assets		\$ 9,655	(4,261)	\$ 5,394	\$ 5,610

Note: OSM maintains a photocopier under a capital lease in the Western Regional Coordinating Center. The value of this equipment is \$85,500. OSM management decided not to report this capital lease because of its immaterial impact on the financial statements.

## Note 6 Amounts Held for Others:

Deposits received by OSM 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) Bonds - cash held by OSM until the coal operator has fully reclaimed the specific bonded site; (5) Other - misapplied deposits pending correction and deposits not applied due to timing, also pending correction. Amounts held for others is classified as an "other" business segment.

### Amounts Held for Others (dollars in thousands)

	1996	1995
Reimbursable Advance	\$ 960	\$652
Other Escrows	307	280
Civil Penalties Escrow	141	165
Bonds	22	79
Other Deposits	76	12
Total Amounts Held for Others	\$1,506	\$1,188

## Note 7 Cumulative Results of Operations:

The Federal Accounting Standards Advisory Board (FASAB) Standard, "Accounting for Revenue and Other Financing Sources", combined Cumulative Results of Operations with Invested Capital and Future Funding Requirements. To provide a prior year comparison, fiscal year 1995 was restated using this methodology.

### Cumulative Results of Operations (dollars in thousands)

	1996	1995
Invested Capital	\$ 5,394	\$ 5,610
Future Funding Requirements	(4,444)	(4,944)
Cumulative Results of Operations	1,422,097	1,308,872
Total Cumulative Results of Operations	\$1,423,047	\$1,309,538

# Notes to Consolidated Financial Statements

For the Fiscal Years (FY) ending September 30, 1995 and 1996

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement

## Note 8 Net Position:

Net Position (dollars in thousands)					
	Reclamation Programs	Regulation & Technology	Other	1996 Total	1995 Total
Unexpended Appropriations:					
Unobligated					
Available	\$ 0	\$ 1,126	\$ 0	\$ 1,126	\$ 0
Unavailable	0	16,002	0	16,002	15,947
Undelivered Orders	89	31,357	0	31,446	33,309
Unfilled Customer Orders	(89)	(676)	0	(765)	(258)
Total Unexpended Appropriations	\$ 0	\$ 47,809	\$ 0	\$ 47,809	\$ 48,998
Cumulative Results of Operations	1,422,097	0	950	1,423,047	1,309,538
Total Net Position	\$1,422,097	\$ 47,809	\$ 950	\$1,470,856	\$1,358,536

## Note 9 Net Cost of Operations:

Net Cost of Operations (dollars in thousands)					
	Reclamation Programs	Regulation & Technology	Other	1996 Total	1995 Total
Net Program Costs	\$215,634	\$92,749	\$2,859	\$311,242	\$313,680
Less Miscellaneous Revenues	0	0	(2,236)	(2,236)	(6,195)
Total Net Cost of Operations	\$215,634	\$92,749	\$623	\$309,006	\$307,485



## Note 10 Costs Within the Government:

Costs Within the Government (dollars in thousands)					
	Reclamation Programs	Regulation & Technology	Other	1996 Total	1995 Total
Department of the Interior:					
Bureau of Reclamation	\$ 256	\$ 60	\$ 0	\$ 316	\$ 139
Bureau of Land Management	1	0	0	1	1
Minerals Management Service	11	37	0	48	10
National Park Service	0	15	0	15	33
Office of Aircraft Services	0	10	0	10	120
Office of the Secretary	2,722	169	0	2,891	779
United States Geological Survey (USGS)	58	401	0	459	120
Total, Department of Interior	\$ 3,048	\$ 692	\$ 0	\$ 3,740	\$1,202
Other Federal Agencies:					
General Services Administration	\$ 4,379	\$ 326	\$ 0	\$ 4,705	\$ 8,157
U.S. Treasury	0	318	0	318	33
Government Printing Office	233	10	0	243	193
Other	224	182	0	406	338
Total, Other Federal Agencies	\$ 4,836	\$ 836	\$ 0	\$ 5,672	\$8,721
Total Costs within the Government	\$ 7,884	\$ 1,528	\$ 0	\$ 9,412	\$9,923

## Note 11 Earned Revenue:

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.

# Notes to Consolidated Financial Statements

For the Fiscal Years (FY) ending September 30, 1995 and 1996

## U.S. Department of the Interior Office of Surface Mining Reclamation and Enforcement

### Earned Revenue (dollars in thousands)

	Reclamation Program	Regulation & Technology	Total 1996	Total 1995
Within the Government:				0
Bureau of Indian Affairs	\$ 8	\$ 117	\$ 125	\$ 0
Bureau of Land Management	0	54	54	0
Environmental Protection Agency	18	1	19	27
General Services Administration -Other	0	1	1	0
General Services Administration -Vehicles	10	23	33	248
Internal Revenue Service	0	25	25	0
Minerals Management Service	3	23	26	21
National Park Service	0	0	0	10
Office of Navajo/Hopi Indian Relocation	0	124	124	0
Office of the Secretary	0	23	23	6
Total Within the Government	\$ 39	\$ 391	\$ 430	\$ 312
With the Public:				
Bond Forfeitures	\$ 0	\$ 61	\$ 61	\$1,438
California	0	1	1	0
Indonesia	0	1,121	1,121	349
Kentucky	5	0	5	1,213
Pennsylvania	53	0	53	0
Miscellaneous	3	5	8	7
Total With the Public	\$ 61	\$ 1,188	\$ 1,249	\$3,007
Total Earned Revenue	\$ 100	\$ 1,579	\$ 1,679	\$3,319

## Note 12 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. Accrued, unfunded leave has decreased significantly during 1996 due to employee resignations with leave payments collected

### Future Funding Requirements (dollars in thousands)

	1996 Amount	1995 Amount
FECA	\$(418)	\$(27)
Accrued Unfunded Leave	(82)	(62)
Total Future Funding Requirements	\$(500)	\$(89)

## Note 13 AML Interest:

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

## Note 14 Other Revenues and Financing Sources:

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

### Other Revenues and Financing Sources (dollars in thousands)

	1996	1995
Administrative Revenue from AML fees	1,444	2,431
Civil Penalty Revenue	2,304	2,012
Total Other Revenues and Financing Sources	\$ 3,748	\$ 4,443

## Note 15 Offsetting Bad Debt Expense:

This bad debt expense is not attributable to an appropriated fund but instead offsets revenue created from accounts receivable in special accounts.

## Note 16 Invested Capital Adjustments and Other Changes:

### Invested Capital Adjustments and Other Changes (dollars in thousands)

	1996	1995
Restatement of Assets	58	(9)
Net Transfers Out	(158)	(276)
Net Transfers In	5	65
Loss on Disposal of Assets	(31)	0
Reclassification of Object Class Codes	85	0
Total Invested Capital Adjustments and Other Changes	\$ (41)	\$ (220)



# Notes to Consolidated Financial Statements

For the Fiscal Years (FY) ending September 30, 1995 and 1996

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement

## Note 17 Prior Period Adjustments:

Prior Period Adjustments (dollars in thousands)		1996	1995
Reclassification of civil penalty debt as unterminated and decision that Notice of Proposed Assessments is not classified as Accounts Receivable.	\$2,762		\$ (458)
Determination that all interest, penalty, and administrative costs associated with bankruptcy should be waived.	(113)		0
Reversals of debt caused by new documentation produced by the debtor company.	(586)		(1,158)
Recognition of Federal Employee's Compensation Act charges which accrued in prior periods	0		(563)
Revenue from Fees Assessed was overstated due to a reporting problem corrected in 1996	(861)		0
Offsetting Bad Debt Expense was overstated due to a reporting problem corrected in 1996	861		0
Change in policy to report certain receipts as agency revenue that is available for use which had previously been recorded as Treasury revenue.	309		947
Changes in property due to data entry timing differences and transfer-out of equipment not previously recorded.	(92)		0
Total Prior Period Adjustment	\$2,280		\$(1,232)

## Note 18 Change in Unexpended Appropriations:

Change in Unexpended Appropriation (dollars in thousands)		
	1996	1995
Unobligated Balance	\$1,181	\$3,546
Unliquidated Obligations:		
Undelivered Orders	(1,873)	481
Unfilled Customer Orders	(497)	312
Change in Unexpended Appropriations	\$ (1,189)	\$ 4,339

## Note 19 Transfer of Appropriations:

The Office of Surface Mining's financial statements include expenses associated with transfer-in appropriations (Department of State-India Fund), but not expenses associated with transfer-out appropriations (Department of Agriculture's Soil Conservation Service) which are reported on the receiving agency's financial statements.

## Note 20 Expired Unobligated Balances, Beginning of Year:

To properly report the financial position of the bureau, these financial statements include expired appropriated accounts which are unavailable for new obligations. All unavailable funds are canceled and returned to the Treasury five years after the appropriation was authorized.

## Note 21 Total Outlays:

Total outlays agree with the Net Disbursements reported to and verified by the U.S. Treasury.

## Note 22 Environmental Liability:

The Congress has identified the reclamation of abandoned mine sites as an objective of providing for the general health and safety of the people. In order to finance the reclamation, OSM collects a fee for coal sold or used from current mining operations into a fund called the Abandoned Mine Land Fund. The purpose of this fee is to support, among other things, the reclamation of abandoned mine lands. Congress authorizes the funding for these projects on an annual basis through appropriations from this fund.

Although OSM's mission includes the administration of programs designed to protect society from the effects of coal mining operations, OSM has no liability for future environmental cleanup. OSM does not own land or contribute to environmental contamination. However, OSM provides some funding, through grants for States and Tribes and through contracting in States or Tribal lands that do not have approved abandoned mine land programs, in order to reclaim eligible abandoned mine sites or to work on other qualified projects. All costs associated with these projects are accrued as the grantee incurs them.

## Note 23 Abandoned Mine Land Fund Restricted Balance:

The Abandoned Mine Land Fund constitutes the largest portion of the Office of Surface Mining's assets. This fund consists of available and restricted balances as summarized in Note 2. Available balances are those which have been previously authorized by Congress to finance reclamation of abandoned mine lands. The restricted balance refers to the amount of fee collections and investment interest income which have not yet been authorized by Congress for use by the Office of Surface Mining or transferred to other agencies per the Abandoned Mine Land Reclamation Act of 1990 and the Energy Policy Act of 1992. The restricted balances for 1995 and 1996 are detailed below:

**Abandoned Mine Land Restricted Balance**  
(dollars in thousands)

	1996	1995
Beginning Balance	\$ 977,587	\$ 842,809
Add: Fee Collections	256,451	255,454
Add: Investment Interest	69,383	61,747
Less: Appropriations	(173,887)	(174,570)
Less: Transfers Out	(47,184)	(7,853)
Ending Balance	\$ 1,082,350	\$ 977,587

# Supplemental Statement of Financial Position

as of September 30, 1996

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
(dollars in thousands)

	Reclamation Programs	Regulation & Technology	Other	Combined
<b>ASSETS</b>				
Entity Assets:				
Fund Balance with Treasury (Note 2)	\$1,742	\$52,992	\$1,506	\$56,240
Cash (Imprest)	9	0	0	9
Investments (Note 3):				
Intragovernmental	1,400,574	0	0	1,400,574
With the Public				
Receivables:				
Intra governmental (Note 4-A)	12,147	1	0	12,148
With the Public (Note 4-B)	14,181	63	0	14,244
Advances and Prepayments, with the Public	0	42	0	42
Physical Assets (Note 5)	0	0	5,394	5,394
Total Entity Assets (Note 23)	1,428,653	53,098	6,900	1,488,651
Non-Entity Assets:				
Receivables:				
With the Public (Note 4-C)	0	0	54	54
Total Non-Entity Assets	0	0	54	54
<b>Total Assets</b>	1,428,653	53,098	6,954	1,488,705
<b>LIABILITIES</b>				
Liabilities Covered by Budgetary Resources:				
Intra governmental:				
Payables	262	191	0	453
With the Public:				
Payables	5,800	3,817	0	9,617
Accrued Payroll and Benefits	494	1,281	0	1,775
Total Liabilities Covered by Budgetary Resources	6,556	5,289	0	11,845
Liabilities Not Covered by Budgetary Resources:				
Intra governmental:				
Payables (Note 4-C)	0	0	54	54
With the Public:				
Payables	0	0	4,444	4,444
Amounts Held for Others (Note Six)	0	0	1,506	1,506
Total Liabilities Not Covered by Budgetary Resources	0	0	6,004	6,004
<b>Total Liabilities (Note 22)</b>	6,556	5,289	6,004	17,849
<b>NET POSITION</b>				
Unexpended Appropriations	0	47,809	0	47,809
Cumulative Results of Operations (Note 7)	1,422,097	0	950	1,423,047
<b>Total Net Position (Note 8)</b>	1,422,097	47,809	950	1,470,856
<b>Total Liabilities and Net Position</b>	\$1,428,653	\$53,098	\$6,954	\$1,488,705

The accompanying footnotes are an integral part of these statements.



# Supplemental Statement of Changes In Net Position

for the year ended September 30, 1996

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
(dollars in thousands)

	Reclamation Programs	Regulation & Technology	Other	Combined
<b>Net Cost of Operations</b>	\$215,634	\$92,749	\$623	\$309,006
<b>Financing Sources:</b>				
Appropriations Used	0	93,297	0	93,297
AML Interest, Non-Federal (Note 13)	3,323	0	0	3,323
Investment Interest Earned, Federal	70,688	0	0	70,688
Revenue from Fees Assessed	255,575	0	0	255,575
Other Revenues and Financing Sources (Note 14)	3,748	0	0	3,748
Less Offsetting Bad Debt Expense (Note 15)	(6,273)	0	0	(6,273)
Less Appropriation Transfer	0	0	0	0
Less Transfers - Out	0	0	(82)	(82)
Net Results of Operations	111,427	548	(705)	111,270
Invested Capital - Adjustments and Other Changes (Note 16)	(265)	(548)	772	(41)
Prior Period Adjustments (Note 17)	2,063	0	217	2,280
<b>Net Change in Cumulative Results of Operations</b>	113,225	0	284	113,509
Change in Unexpended Appropriations (Note 18)	0	(1,189)	0	(1,189)
<b>Change in Net Position</b>	113,225	(1,189)	284	112,320
Net Position - Beginning of Period	1,308,872	48,998	666	1,358,536
Net Position - End of Period	\$1,422,097	\$47,809	\$950	\$1,470,856

Net Results of Operations represents the balance of Financing Sources greater than the Net Cost of Operations.  
The accompanying notes are an integral part of these statements.

# Management Representation Letter

MEMORANDUM

December 20, 1996

To: Inspector General  
United States Department of Interior  
Office of the Inspector General

From: Ed Kay  
Deputy Director   
Office of Surface Mining Reclamation and Enforcement

Subject: Management Representations for the Office of Surface Mining Reclamation and Enforcement - Fiscal Year 1996 Financial Statements

You have audited the Principal Statements and Consolidated Statements of the Office of Surface Mining Reclamation and Enforcement (OSM), for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position, results of operations and changes in net position, and budgetary resources of OSM in conformity with the accounting policies and principles of OSM. In connection with your audit of OSM's statements of financial position and the related statements of net costs, changes in net position, and budgetary resources as of September 30, 1996, we confirm to the best of our knowledge and belief, the following representations made to you during your audit:

1. We are responsible for the fair presentation in the financial statements of financial position, net costs, changes in net position, and budgetary resources in conformity with the accounting policies and principles of OSM. We are responsible for identification and compliance with pertinent laws and regulations, and establishing and maintaining an internal control structure.
2. We have made available to you all financial records for OSM prepared by OSM. Additionally, we have provided you all Treasury and Office of Management and Budget reports prepared by OSM, such as the I TFM 2-4000, Federal Agencies' Centralized Trial-Balance System (FACTS), TFS 2108, Year End Closing Statement, and SF 133, Report on Budget Execution.
3. There have been no:
  - a. Irregularities involving management or employees who have significant control over the system of internal accounting control.
  - b. Irregularities involving other employees that could have a material effect on the financial statements.
  - c. Communications from regulatory or oversight agencies - such as the Office of Management of Budget, the Department of the Treasury, and the U. S. General Accounting Office - concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
4. We have no plans or intentions that may materially affect the carrying value or classifications of assets and liabilities as reflected in the financial statements.
5. We have properly recorded or disclosed in the financial statements any interagency and interfund transactions and the related accounts receivable or payable, including appropriation reimbursements and transfers in and out.
6. Except for unresolved recommendations in prior Office of Inspector General and U.S. General Accounting Office audit reports - which have been considered in preparing these financial statements - and those items noted in the Inspector General's Report on Internal Control Structure and the Inspector General's Report on Compliance With Laws and Regulations, there are no:
  - a. Violations, or possible violations, of the laws or regulations whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Other material liabilities or gain or loss contingencies that are required to be disclosed.
7. There are no material unasserted claims or assessments that the General Counsel has advised us are probable of assertion and must be disclosed.
8. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
9. Provision has been made to reduce the amounts receivable to the estimated net realizable value. The allowance for doubtful accounts is adequate.
10. OSM has satisfactory title to all the owned assets and there are no liens or encumbrances on such assets.
11. OSM has complied with all contractual agreements that would have a material effect on the financial statements.
12. No events have occurred subsequent to the date of the financial statements that would require adjustment to, or disclosure in, the financial statements.
13. OSM has performed an evaluation of internal control effectiveness by way of periodic reviews performed in compliance with the Federal Managers Financial Integrity Act of 1982 (FMFIA).

If you should have questions, please contact JoAnn F. Hagan, Chief, Division of Financial Management, at (303) 236-0330 x301.

## Audit Opinion

United States Department of the Interior  
OFFICE OF INSPECTOR GENERAL Washington, D.C. 20240  
DEC 30 1996

Memorandum

To: Director, Office of Surface Mining Reclamation and Enforcement

From: Robert J. Williams, Acting Assistant Inspector General for Audits 

Subject: Report on the Office of Surface Mining Reclamation and Enforcement Financial Statements for Fiscal Years 1995 and 1996

In accordance with the Chief Financial Officers Act of 1990, as amended, we audited the Office of Surface Mining Reclamation and Enforcement's financial statements for the fiscal years ended September 30, 1995, and 1996, as contained in the accompanying "1996 Annual Report." 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 December 20, 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 the Office of Surface Mining's assets, liabilities, and net position; cost and net costs; financing sources and changes in net position; and budget resources and outlays. We also found that these financial statements are presented in conformity with the accounting standards and policies described in 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.

As part of our audit, we evaluated the Office of Surface Mining's internal control structure, tested the Office of Surface Mining's compliance with selected provisions of laws and regulations, and reviewed the financial information presented in the Office of Surface Mining's overview. We also reviewed the Office of 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 the Office of Surface Mining's internal control structure. However, because of inherent limitations in any system of internal controls, losses, noncompliance, or misstatements may 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 diminish.

We found that the Office of Surface Mining's internal control structure in effect on September 30, 1996, 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 1996 that we tested, and nothing came to our attention during our other audit work to indicate that material noncompliance with such provisions occurred. Further, we found that the financial information in the Office of Surface Mining's overview relating to the financial statements is reliable and consistent with the information presented in the financial statements.

Our review of Office of Inspector General and 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.

# Directory

Office of Surface Mining, as of December 20, 1996

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## **OSM Headquarters**

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(202) 208-4006

## **Albuquerque Field Office**

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Hopi Tribe, and Ute Tribe)  
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## **Appalachian Regional Coordinating Center**

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## **AVS Lexington Office**

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## **Ashland Office**

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## **Beckley Area Office**

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## **Big Stone Gap Field Office**

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## **Birmingham Field Office**

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Wyoming, Crow Tribe, Northern Cheyenne Tribe,  
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## **Charleston Field Office**

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## **Madisonville Area Office**

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## **Western Regional Coordinating Center**

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and Indian Lands)  
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## **Wilkes-Barre Office**

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# Directory

## State Regulatory Authority

---

### Alabama

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Alabama Surface Mining Commission  
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### Alaska

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### Colorado

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### Kentucky

*James E. Bickford, Secretary*  
Natural Resources and  
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### North Dakota

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**1977**



**1997**

## *20th Anniversary*

Surface Mining Control and Reclamation Act