

# Annual



1997

What we do...



Office of Surface Mining

# Report



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Denver Financial Management



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**Fred Fox**  
Clean Streams Coordinator  
*Washington, D.C. Headquarters*

# Twenty years of operation

## Office of Surface Mining Budget 1977-1997

	1978	1979	1980	1981	1982	1983	1984	1985
<b>Regulatory</b>								
State Regulatory Programs	\$ 8,600	23,900	36,680	35,000	24,432	32,150	38,100	36,734
Federal Regulatory Program	\$ 10,820	17,367	30,974	38,209	27,439	10,493	13,776	23,729
Technical Support	\$ 11,460	12,672	17,033	16,470	6,644	10,903	12,551	12,890
Assessments and Collections	\$ 0	0	0	0	0	0	0	0
Program Administration	\$ 0	0	0	0	0	7,332	6,268	6,994
<hr/>								
Subtotal	\$30,880	53,939	84,687	89,679	58,515	60,878	70,695	80,347
<b>Abandoned Mine Land Reclamation</b>								
State Reclamation Programs	\$0	10,000	25,000	26,200	46,936	173,528	233,100	236,840
Federal Reclamation Program	\$ 15,875	21,835	39,376	29,364	41,680	23,064	26,452	39,371
Fund Management	\$ 4,784	8,680	9,124	9,987	6,794	5,131	6,498	6,599
Technical Support	\$ 998	808	1,237	1,652	1,584	991	1,221	1,955
Rural Abandoned Mine Program	\$5,000	10,128	10,106	10,280	18,339	6,155	10,582	9,800
Small Operator Assistance Program	\$ 10,000	10,000	10,000	5,000	0	0	(11,499)	(2,000)
Administration	\$ 0	0	0	0	0	4,210	4,874	4,376
<hr/>								
Subtotal	\$ 36,657	61,451	94,843	82,483	115,333	213,079	271,228	296,941
<hr/>								
Total	\$ 67,537	115,390	179,530	172,162	173,848	273,957	341,923	377,288

\*Does not include \$7.2 million Kentucky Emergency Reclamation Grant

\*\*Does not include \$47 and \$31 million transfer to United Mine Workers of America Combined Benefit Fund

# 1997 Annual Report

1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
35,387	45,110	44,044	46,335	45,682	48,562	48,481	51,661	51,661	51,562	50,762	50,676
17,704	19,221	20,078	20,310	20,450	21,084	21,513	21,457	21,732	22,594	16,087	13,660
12,642	13,681	13,670	13,470	13,026	13,559	13,472	15,227	14,004	14,702	11,597	13,881
6,938	7,929	10,502	8,981	9,100	13,078	12,730	9,220	9,315	7,747	5,735	4,786
8,103	14,062	13,831	11,999	12,970	13,067	13,504	14,151	13,840	13,090	11,289	11,169
80,774	100,003	102,125	101,095	101,228	109,350	109,700	111,716	110,552	109,695	95,470	94,172
149,441	160,600	159,660	151,660	145,780	149,214	135,274	135,794	135,818	135,734	140,000	142,000
28,715	24,592	13,662	19,005	22,264	25,238	27,154	25,137	26,555	24,829	23,000	23,145
2,680	3,482	5,588	5,681	5,720	6,088	6,408	6,644	6,539	6,453	6,000	5,562
0	0	0	0	0	0	0	0	0	0	0	0
9,019	9,400	15,000	12,000	12,000	11,933	11,848	13,385	13,233	7,853	0	0
2,949	0	0	0	2,000	1,492	1,851	1,760	1,760	1,757	0	1,500
4,473	5,646	5,470	4,814	5,008	4,993	5,268	5,210	6,202	5,760	4,887	4,878
197,277	203,720	199,380	193,160	192,772	198,958	187,803	187,930	190,107	182,386	173,887	177,085
278,051	303,723	301,505	294,255	294,000	308,308	297,503	299,646	300,659*	292,081	269,357**	271,257**

**We reclaim.** We regulate. We audit. **We inspect.** We research.  
**We communicate.** We teach. **We report.** We adapt. **We inform.** We administer.  
We save. We persuade. **We help.** We interview. We monitor. **We engineer.** We troubleshoot.  
We interact. **We share.** We discover. We understand. **We try.** **We mobilize.**  
**We study.** We develop. We educate. **We create.** **We negotiate.** *We think.*  
**We manage.** We solve. **We analyze.** We explore. **We build.** We design. **We inspire.**  
We contribute. *We share.* We guide. We observe. **We learn.** We lead. **We train.**  
We experiment. **We direct.** **We protect.** We process. We order. *We check.* We pioneer.  
**We believe.** **We record.** We instruct. **We organize.** We advise.  
*We illustrate.* We plan. We strategize. **We support.** We photograph. We drive. We edit.  
We repair. **We imagine.** We document. We revolutionize. **We coordinate.**  
**We talk.** **We defend.** **We speak.** **We unite.** **We listen.**  
We promise. We calculate. *We provide.* We defend. We program. We forecast.  
We mobilize. **We remedy.** We transmit. **We innovate.** We critique. **We write.** We check.  
**We instigate.** We fly. **We investigate.** We consult. *We give.* We arrange.  
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# **What do we do at the Office of Surface Mining?**

It's something that not many people outside the Office of Surface Mining know the answer to. It's often the first question people ask Office of Surface Mining staff members. Knowing what we do helps provide the full picture of the Office of Surface Mining and the myriad of skills needed to implement the Surface Mining Law successfully.

Over the 20-year period since 1977, the Office of Surface Mining's annual reports have focused on programmatic work and accomplishments. Each year we have provided information, photographs, and statistics on every major program activity performed by the Office of Surface Mining. This year, we are expanding the picture to provide readers with a brief look at us and what we do, every day.

# Introduction

## U.S. Department of the Interior, Office of Surface Mining 1997 Annual Report

**T**his report describes the operations of the Interior Department's Office of Surface Mining (OSM) for the period October 1, 1996, through September 30, 1997 (Fiscal Year 1997)<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 (the Surface Mining Law) as well as Section 306 of the Chief Financial Officers Act of 1990. The 1998 report will include test results of the Office of Surface Mining's implementation of the Government Performance and Results Act, and in 1999 will combine all three of these statutory requirements into the one report.

The 1997 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 available at the Office of Surface Mining web site ([www.osmre.gov](http://www.osmre.gov)) was created in response to public requests for electronic computer-readable information on implementation of the Surface Mining Law and about Office of Surface Mining operations. Included in this report are activities carried out under several parts of the Law: 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 Law 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 now abolished 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 1997 report include: reporting inspection data on a fiscal year basis and providing a special 20-

year budget summary. In addition, the report is organized in chapters that correspond to the four Office of Surface Mining business lines:

1. Environmental Restoration
2. Environmental Protection
3. Technology Development and Transfer
4. Financial Management

Financial and accounting information is presented in a format similar to a traditional corporate annual report, and is contained in the financial section at the back of the report.

The Inspector General's audit statement, which gives the Office of Surface Mining a "clean" audit opinion of its financial reporting for 1997, is included at the end of the financial section.

Statistics in this report are presented in English units. To convert these numbers into metric units use the following conversion factors:

- Miles x 1.609 = Kilometers
- Acres x .40469 = Hectars
- Feet x .30473 = Meters
- Gallons x 3.7854 = Liters

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, this report is available in electronic format on the Office of Surface Mining World Wide Web site. Printed 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, and for additional copies of this report, visit the Office of Surface Mining site on the World Wide Web at [www.osmre.gov](http://www.osmre.gov) or contact:

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1. Throughout this document "1997" refers to Fiscal Year 1997 (10/1/96 - 9/30/97), unless otherwise noted.



# A message

## From the Director

I am new to the Office of Surface Mining having been Director for only two months of Fiscal Year 1997. However, I have a long history with coal mining and know full well the impacts it can have on both people and the environment. From growing up in Rock Springs, Wyoming, as the daughter of a coal miner, and from serving as the Wyoming Secretary of State, my experience is first hand and I am enthusiastic about leading the implementation of the Surface Mining Law into the 21st century.

August 3, 1997, was the 20th anniversary of the Surface Mining Law. This was a very special day that provided an opportunity to look back at the past and into the future to postulate how we can do even better. In 1997, successful land reclamation and environmental protection have become routine parts of the coal mining process. During this 20-year period, mining permits were issued for operations covering almost 5 million acres of land. This law literally changed the face of the earth in America and despite the fears of many when the Surface Mining Law was passed, it is living proof that a strong economic and development policy is compatible with protection of the environment.

As the Office of Surface Mining moves into its third decade we are experiencing improved compliance with the requirements of the Surface Mining Law. This success is directly related to the efforts of the many men and women who have stepped forward and assured the successful implementation of the Law. To show you "What we do," this report introduces some of the Office of Surface Mining staff and briefly describes their everyday activities. We hope this broadens your view of the Office of Surface Mining and provides additional insight about the federal employees that have made the Law successful.

During 1997, we have focused our efforts on completing several long-standing issues and getting agency operations working smoothly after the extensive Reduction In Force that occurred in 1996. Some of the highlights include:

**Communications:** In January 1997, we issued our first Annual Report in printed and electronic (CD-ROM) format. From the CD-ROM the reader could select the Annual Report, Abandoned Mine Land Dangers public service announcements, and two informational videos. In addition, we distributed a brochure warning the public of abandoned mine dangers. One of the big successes this year was the distribution of Office of Surface Mining information using our new World Wide Web site ([www.osmre.gov](http://www.osmre.gov)). Public use of this web site began in the Fall of 1996 with infrequent visitors; however, by the end of the year use was approaching 20,000 hits/day. This new communication technology has revolu-

tionized the distribution of Office of Surface Mining information to its constituents.

In 1997 more information was distributed than in the previous 19 years. And, because a picture is still worth a thousand words, we distributed an illustrated booklet<sup>2</sup> commemorating the 20th anniversary of the Surface Mining Law that shows 1997 on-the-ground reclamation.

**Policy.** An Acid Mine Drainage Policy statement which detailed the Office of Surface Mining's goals, objectives, and strategies for correcting, preventing, and controlling acid mine drainage at coal mine sites was distributed. In addition, a revised oversight directive was issued that refines and adjusts the policies, procedures, and responsibilities for evaluating state regulatory programs. The oversight team responsible for developing this policy (seven Office of Surface Mining and three state regulation representatives) was presented with Vice President Al Gore's Hammer Award for their work.

**Rule Making.** New regulations were published for determining the excess moisture allowance on coal tonnage for reclamation fee calculation purposes. In addition, responding to a court decision, Interim Ownership & Control rules governing regulators' authority to block permits for applicants responsible for uncorrected violations of the Surface Mining Law were issued in 1997. These rules define ownership and control, prescribe information that permit applicants must provide, and set procedures for dealing with permits improperly issued to applicants responsible for uncorrected violations.

**20th Anniversary Awards.** The reclamation awards for active and abandoned coal mine reclamation were reinstated during 1997. In addition, citizen awards were also presented to 12 individuals or grassroots organizations who have shown exemplary service in implementing the Surface Mining Law.

I would like to leave you with one last thought. The Surface Mining Law is landmark legislation, a pioneer in the concept of federal/state implementation. We are all learning what it takes to make the law an even greater success, and if all those involved with the Surface Mining Law implementation continue to work together we can accomplish even more. We welcome your help, comments, or suggestions for continued improvement.




2. Office of Surface Mining 1997. 20th Anniversary, Surface Mining Control and Reclamation Act. A report on the protection and restoration of the nation's land and water resources under the Surface Mining Law.

# Office of Surface Mining



## ***We review state regulatory and Abandoned Mine Land programs***

Rick Buckley conducts oversight on the West Virginia programs and is the West Virginia Clean Streams Coordinator. While stationed in Clarksburg, West Virginia, in 1978, he conducted Interim Regulatory Program mine inspections in two West Virginia counties. In 1982, he transferred to Casper, Wyoming, with responsibilities in regulatory program oversight and grant administration for the states of Alaska and North Dakota. In 1985, he transferred to the Columbus, Ohio, Field Office to help with oversight of the Ohio program.

Rick is married and has twin boys, and in his free time he is a soccer coach, oversees operation of the county recycle center, and likes to hunt, fish, and camp with his family.

Rick is an ardent supporter of the Clean Streams Initiative and is quick to identify the Abandoned Mine Lands Fund as an important source of reclamation funding for the expensive acid mine drainage problems caused by pre-1977 mining.



4



## ***We support the Clean Streams Initiative***

Jennifer Peterson is a member of the Washington, D.C., Headquarters Acid Mine Drainage Team. She began working for the Office of Surface Mining in August, 1997 as a Presidential Management Intern and is one of the newest staff members. She holds a B. Sci. Degree in Geology-Chemistry and a M. Sci. in Earth Science.

Jennifer is currently investigating options for acid mine drainage abatement projects including both chemical and biological methods. She has already identified many potential sources of funding and has posted them on the Office of Surface Mining web site to help local groups in their search for watershed project funding. Jennifer is also working on the American Heritage Rivers Initiative and will be playing a major role in the development of Abandoned Mine Land Geographic Information Systems during the upcoming year.

Jennifer is personally committed to environmental education and she volunteers as a chemistry and geology guest speaker at grade schools.

We provide Abandoned Mine Land grants to states



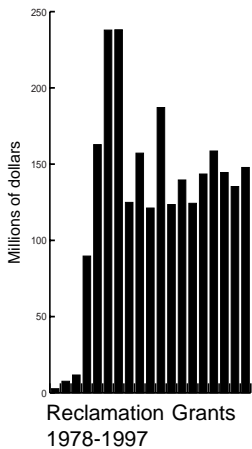
# 1.

# Environmental restoration

## Reclamation of abandoned mine land affected by mining that took place before the Surface Mining Law was passed in 1977

**T**itle IV of Surface Mining Law — 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 (for 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. States and tribes with approved programs carry out these responsibilities.

### 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 1997, the states and the tribes received grants totaling \$192,231,995.

Since 1979, when the states began receiving abandoned mine land administrative grants to operate their programs and construction grants to complete reclamation projects, \$2,487,590,309 has been distributed from the fund. Grant amounts for 1997 are shown in Table 1. On-the-ground coal mine reclamation accomplishments resulting from grant funding through 1997 are included in Table 4.

Simplified grant funding of state abandoned mine land programs started in 1994. This grant application process eliminates the requirement for separate advance approval of each reclamation project before a grant is awarded to the state. States now receive amounts based on appropriated spending levels and are held accountable for using those funds in accordance with their approved abandoned mine land reclamation plan. The Office of Surface Mining is no longer involved in cumbersome and detailed pre-award scrutiny of state grant applications based on individual projects.

### 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 1997, 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 1997. Eligible states received \$7,686,177 that was deducted from non-minimum program states and tribes for federal-share money in 1997. These amounts bring those nine



We complete emergency reclamation projects





We inventory Abandoned Mine Land problems such as this abandoned underground mine opening

6

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, their 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 that 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

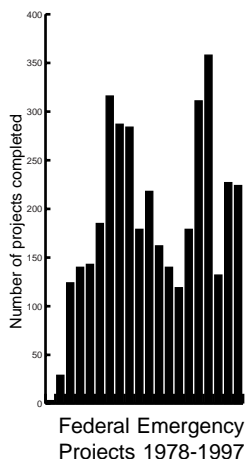
beginning in 1996, and only to reclaim eligible priority 1 and 2 abandoned coal mine land problems. In 1997, 11 states set aside \$7,245,309.

## 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 1997, one \$195,137 subsidence insurance grant was issued to Wyoming. Through 1997, the Office of Surface Mining has granted a total of \$11,465,225 to Colorado, Indiana, Kentucky, Ohio, West Virginia, and Wyoming for this purpose.

# 1997 Annual Report

## Emergency Program



Emergency reclamation 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 the Surface Mining Law, 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 1997, 402 Abandoned Mine Land emergencies

were abated in 17 states (see Table 2). Most emergencies occurred in Pennsylvania, followed by Kentucky, West Virginia, Kansas, and Ohio. The greatest amount of emergency funding was spent reclaiming landslides in Kentucky and West Virginia, reflecting the large number of landslides and their high abatement cost.

Following passage of the Surface Mining Law, the Office of Surface Mining did all emergency reclamation; however, as state and tribal programs were approved, many states took over emergency programs as well. In 1983, Arkansas and Montana assumed emergency project responsibility, followed by Illinois in 1984. During 1988 and 1989, Kansas, Virginia, and West Virginia took over responsibility for their emergency projects. Alabama assumed emergency responsibility in 1990, followed by Ohio in 1992, Alaska and North Dakota in 1993, and Indiana in

**TABLE 1  
ABANDONED MINE LAND GRANTS\* TO PRIMACY STATES AND INDIAN TRIBES  
1997**

State/Tribe	Subsidence Insurance	10% Program Set-Aside	Administration <sup>3</sup>	Project Costs <sup>4</sup>	Emergency <sup>5</sup>	1997 Total	1996 Total
Alabama	\$0	\$0	\$692,606	\$3,560,494	\$400,000	\$4,653,100	\$3,972,981
Alaska	0	0	372,490	1,127,510	25,000	1,525,000	2,664,992
Arkansas	0	0	260,435	1,567,845	13,000	1,841,280	2,035,124
Colorado	0	219,639	528,514	1,271,486	0	2,019,639	2,168,720
Illinois	0	855,000	1,439,526	6,290,731	588,970	9,174,227	9,476,382
Indiana	0	498,731	938,182	3,674,054	247,998	5,358,965	6,751,594
Iowa	0	0	212,727	1,415,513	0	1,628,240	1,554,288
Kansas	0	0	184,444	1,559,970	450,000	2,194,414	2,020,920
Kentucky	0	0	1,389,738	18,570,201	0	19,959,939	16,286,880
Louisiana	0	0	157,249	30,701	0	187,950	185,903
Maryland <sup>1</sup>	0	1,042,348	657,027	1,224,033	0	2,923,408	562,682
Missouri	0	64,997	505,113	1,813,509	0	2,383,619	2,188,935
Montana	0	0	478,047	3,075,259	125,000	3,678,306	3,787,988
New Mexico	0	136,070	1,063,196	436,800	0	1,636,066	2,351,496
North Dakota	0	116,850	222,232	1,581,583	50,000	1,970,665	1,817,145
Ohio <sup>1</sup>	0	1,000,000	2,655,438	4,674,616	2,240,000	10,570,054	7,980,865
Oklahoma	0	0	290,684	1,249,864	0	1,540,548	1,528,801
Pennsylvania <sup>1</sup>	0	2,261,674	5,151,073	32,590,941	0	40,003,688	38,678,331
Texas	0	0	382,694	7,560,024	0	7,942,718	439,226
Utah	0	0	279,822	1,450,614	0	1,730,436	1,579,831
Virginia <sup>1,2</sup>	0	100,000	1,440,162	4,059,951	1,598,164	7,198,277	6,896,075
West Virginia <sup>1</sup>	0	950,000	6,971,272	19,290,422	6,437,575	33,649,269	38,625,263
Wyoming	195,137	0	407,470	21,977,446	0	22,580,053	22,148,367
Crow Tribe	0	0	163,443	1,026,949	0	1,190,392	1,113,209
Hopi Tribe	0	0	331,812	400,000	0	731,812	241,606
Navajo Tribe	0	0	693,758	3,266,172	0	3,959,930	2,633,132
<b>Total</b>	<b>\$195,137</b>	<b>\$7,245,309</b>	<b>\$27,869,154</b>	<b>\$144,746,688</b>	<b>\$12,175,707</b>	<b>\$192,231,995</b>	<b>\$179,690,736</b>

\* Funding for these grants is derived from the 1997 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 \$164,612 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 costs associated with a construction project as a project cost. This category contains water supply project costs plus \$3,575,000 in Appalachian Clean Streams Initiative funds.

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



# Office of Surface Mining

**TABLE 2  
EMERGENCY RECLAMATION PROJECTS**

	1997 Projects		1978-1996 Projects		Total
	Federal	State	Federal	State	
Alabama	0	13	10	15	38
Arkansas	0	0	1	6	7
California	0	0	3	0	3
Colorado	1	0	90	0	91
Illinois	0	10	51	167	228
Indiana	0	15	94	42	151
Iowa	3	0	15	0	18
Kansas	0	41	270	339	650
Kentucky	58	0	621	0	679
Maryland	3	0	11	0	14
Michigan	0	0	9	0	9
Missouri	0	0	6	0	6
Montana	0	0	7	11	18
Navajo Tribe	0	0	6	0	6
New Mexico	0	0	15	0	15
North Dakota	0	2	15	3	20
Northern Cheyenne Tribe	0	0	2	0	2
Ohio	0	33	190	113	336
Oklahoma	1	0	43	0	44
Pennsylvania	153	0	1,511	0	1,664
Rhode Island	0	0	1	0	1
Southern Ute Tribe	0	0	1	0	1
Tennessee	1	0	11	0	12
Texas	1	0	5	0	6
Virginia	0	11	30	53	94
Washington	3	0	38	0	41
West Virginia	0	53	179	372	604
Wyoming	0	0	38	0	38
<b>Total</b>	<b>224</b>	<b>178</b>	<b>3,273</b>	<b>1,121</b>	<b>4,796</b>

8

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 \$18.4 million on emergency reclamation projects in 1997. States spent \$8 million on emergency reclamation projects in 1997.

Of the 511 potential emergencies referred by Office of Surface Mining field offices, 212 resulted in a declaration of emergency, 58 were determined to be not of an emergency nature, 196 were considered not related to coal mining or were reclaimed by the landowner, and 45 were still under investigation at the close of the year on September 30, 1997. Non-emergency mining-related complaints were referred to the states for consideration as high-priority abandoned mine land grant projects.

Table 3 summarizes Office of Surface Mining Abandoned Mine Land reclamation project obligations.

## Non-Emergency Program

Under Sections 402 and 407 of the Surface Mining Law, 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 1997 initiated seven non-emergency projects in Georgia, Kentucky, Michigan, Tennessee, and Washington. Table 4 summarizes emergency and non-emergency abandoned coal mine reclamation project accomplishments through 1997.

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 abandoned mine land problems. Non-coal reclamation project accomplishments are included in Table 4.

## Post-Surface Mining Law Reclamation

As authorized in the 1997 appropriations, federal civil penalties collected under Section 518 of the Surface Mining Law were used to reclaim lands mined and abandoned after August 3, 1977. In 1997, the Office of Surface Mining funded seven reclamation projects costing a total of \$512,860 in Colorado, Georgia, Kentucky, and Virginia. An additional \$77,039 in unobligated funds will be carried over for use in 1998 reclamation projects.



We collect reclamation fees on coal extracted at all active mines

# 1997 Annual Report

**TABLE 3  
FEDERAL RECLAMATION PROGRAM PROJECTS  
1997 OBLIGATIONS**

	Emergency	High Priority	Total 1978-96*	Total Emergency Prior Year Adj in 1997*	Total High Priority Prior Year Adj in 1997*	Total 1978-97
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	1,100,059	0	186	1,100,245
Colorado	17,774	0	1,898,612	(1,388)	0	1,914,998
Georgia	0	236,339	3,122,212	0	6,769	3,365,320
Illinois	0	0	5,376,749	0	0	5,376,749
Indiana	0	0	4,032,023	0	0	4,032,023
Iowa	73,765	0	1,095,205	0	0	1,168,970
Kansas	0	0	5,094,172	0	0	5,094,172
Kentucky	5,912,246	100,000	84,090,742	(314,278)	0	89,788,710
Maryland	49,845	0	2,667,608	0	0	2,717,453
Michigan	0	253,985	2,057,254	0	0	2,311,239
Missouri	0	0	8,015,909	0	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	18,410,967	(115,668)	0	18,295,299
Oklahoma	1,994	0	1,215,670	0	0	1,217,664
Oregon	0	0	42,275	0	0	42,275
Pennsylvania	3,491,912	0	94,296,434	(158,759)	0	97,629,587
Rhode Island	0	0	556,229	0	0	556,229
South Dakota	0	0	27,255	0	0	27,255
Tennessee	315,330	1,469,043	17,857,845	0	(18,451)	19,623,767
Texas	2,000	0	287,849	0	0	289,849
Utah	0	0	123,791	0	0	123,791
Virginia	0	0	10,139,469	0	0	10,139,469
Washington	56,100	283,637	6,092,306	(3,843)	(59,721)	6,368,479
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
Jacarillo 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	585,044	0	0	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 Ute 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	2,000	(1,998)	0	2,002
<b>Total</b>	<b>\$9,922,966</b>	<b>\$2,343,004</b>	<b>\$325,687,632</b>	<b>(\$595,934)</b>	<b>(\$71,217)</b>	<b>\$337,286,451</b>

\* Includes prior year contract deobligations and upward adjustments.

# Office of Surface Mining

**TABLE 4**  
**ABANDONED MINE LAND RECLAMATION ACCOMPLISHMENTS**  
**PRIORITY 1 & 2 (Protection of public health, safety, and general welfare) and Emergency Projects**  
**1978-1997**

	Clogged Streams <sup>1</sup>	Clogged Stream 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: Agricultural/Industrial <sup>4</sup>	Polluted Water: Human Consumption <sup>4</sup>	Subsidence <sup>2</sup>	Surface Burning <sup>2</sup>	Underground Mine Fires	Vertical Openings <sup>4</sup>
Alabama	2.4	135.5	147,030	2	36	12.1	0	445	51	22.3	897	0	12	11.2	49.9	0	291
Alaska	0	0	5,221	3	7.5	0	0	58	2,000	4	6	0	0	0	0	0	5
Arkansas	.5	0	40,206	0	374	0	0	1	43	19	15	0	0	3	4	0	73
California	0	0	0	0	0	0	0	0	0	0	25	0	0	0	0	0	38
CERT*	.1	0	7,305	0	474.8	0	0	10	30	9	63	0	0	34.6	0	0	18
Colorado	0	0	51,492	0	6.6	0	0	1	0	2	500	3	0	45.5	31	114.5	272
Crow Tribe	0	0	670	1	45.5	22	0	32	0	0	8	1	0	16	0	0	4
Georgia	0	0	4,700	3	2.5	0	0	0	0	0	85	1	0	.1	0	0	8
Hopi Tribe	0	0	14,302	0	0	0	0	8	0	0	9	0	0	0	0	1.7	2
Idaho	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Illinois	16	965.5	17,181	6	157.5	1.5	9.1	237	2	47.4	129	11	0	36	16.5	0	471
Indiana	14.1	109	93,425	6	499.1	1	3	85	2	22	44	6	6	55.3	5	0	268
Iowa	5.6	851	47,970	1	762	0	0	4	20	7	1	12	1	2	0	0	20
Kansas	.1	8	90,650	1	103.5	1	0	2	2	14	0	3	0	25.4	4	0	299
Kentucky	33.7	8,074.6	17,069	90	272.3	1,748.2	0	163	18	47.5	1,224	5	3,123	63.7	208	82.8	69
Maryland	3.2	41	29,680	0	98.8	22.5	0	12	11	14.5	17	3	1	8.5	1	0	2
Michigan	0	0	950	0	0	0	0	4	2	0	0	0	0	.3	8	0	11
Missouri	10.6	1,407.8	57,212	6	427.4	0	0	27	10	70.5	23	30	15	2.5	19	2	74
Montana	3	1.9	5,650	3	61.8	.9	0	182	0	73.5	718	17	12	473	301.9	68.9	430
Navajo Tribe	0	0	0	1	1	7	0	4	0	.3	152	0	0	5	3	0	7
New Mexico	0	0	0	0	1.5	0	0	13	0	0	225	1	1	29.3	35	32	80
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	4	303	35	0	14	18	2	13	6	0	1,173	1	0	88
Ohio	26.3	4,650.7	33,284	5	96	321.2	1	41	4	34	159	0	9	43.8	72.5	.2	140
Oklahoma	1.1	0	170,194	0	0	0	0	13	151	5	101	3	2	4.8	0	0	75
Oregon	0	0	0	0	0	0	0	3	0	0	12	0	0	.1	0	0	3
Pennsylvania	46.8	43.7	479,645	42	489.1	25.5	0	289	82	14.7	223	1	21	2,273.4	122.2	814.8	420
Rhode Island	0	0	0	0	0	0	0	0	0	0	0	0	0	6	0	0	0
S. Dakota	0	0	135	0	0	0	0	4	0	0	5	0	0	.6	0	0	1
Tennessee	0	147	16,255	0	200	47.8	0	29	9	11	188	0	5	6	27.5	0	10
Texas	0	0	3,285	0	987	0	0	0	0	0	6	0	0	6	0	0	21
Utah	13.6	9	2,925	1	121.5	0	19	148	0	2	497	2	0	5	38.8	19	23
Virginia	62	786	13,393	14	230.7	191.1	0	193	1	2	667	0	90	6.8	27.3	0	86
Washington	0	0	0	0	3	0	0	4	0	0	24	0	0	6.3	15	0	56
West Virginia	35.9	148.8	151,053	204	2,793.3	373.9	3	311	1	28.5	1,520	20	426	215.1	336.5	18	92
Wyoming	.5	0	9,011	1	500	0	0	15	0	1	186	0	0	277.5	9	92.1	187
<b>Total</b>	<b>275.5</b>	<b>17,379.5</b>	<b>1,552,942</b>	<b>394</b>	<b>9,055.4</b>	<b>2,810.7</b>	<b>35.1</b>	<b>2,352</b>	<b>2,457</b>	<b>453.2</b>	<b>7,742</b>	<b>125</b>	<b>3,724</b>	<b>4,835.8</b>	<b>1,336.1</b>	<b>1,246</b>	<b>3,649</b>

# 1997 Annual Report

**TABLE 4 (continued)**  
**ABANDONED MINE LAND RECLAMATION ACCOMPLISHMENTS**  
**PRIORITY 3 (Environmental Restoration)**  
**1978-1997**

	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>	PI <sup>2</sup>	Spoil Area <sup>2</sup>	Slurry <sup>2</sup>	Slump <sup>2</sup>	Water <sup>5</sup>	
	22.5	13	8	186.1	26,475	1.5	48	.3	9,210.6	8	7.7	379	Alabama
	0	0	0	6.5	0	0	0	0	47	9	25	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	1,500	0	1	7	80	0	0	0	CERT*
	3	5	7	101.5	2,027.5	0	18	82.9	829	0	0	1	Colorado
	6	0	0	27.6	1,980	13	2	9	22.8	.1	3.6	27.6	Crow
	3	0	0	2.5	400	0	2	3	7	0	0	0	Georgia
	0	0	0	24.9	551	14.7	0	9.7	10.1	0	0	0	Hopi
	0	0	0	0	0	0	0	0	0	0	0	0	Idaho
	1	6	108	2,319.4	4,510	146	72	423.3	1,861	1,015.5	1.4	522	Illinois
	0	65.6	155	1,102.9	5,230	63	18	54.5	1,260.8	617	2	109.3	Indiana
	0	0	0	1	0	5	1	18.5	439.5	0	0	0	Iowa
	0	0	1	89	5,100	0	0	17.4	272.6	10	0	0	Kansas
	618.7	0	51	196.8	2,000	.4	68	3	996.7	58	10	0	Kentucky
	0	0	1	21	3,650	1	3	0	212	0	.5	73	Maryland
	0	0	1	19	0	.6	0	1	10	0	11	0	Michigan
	0	2.9	4	129.2	10,024	1.4	0	71.9	1,258.8	69	.3	86	Missouri
	.8	75.8	58	146.2	1,170	.5	42	17.8	842.1	0	18.5	240.5	Montana
	.8	1	2	111.6	0	10.2	43	17.4	163.5	0	0	0	Navajo Tribe
	2	0	11	44	0	6	4	2	2	2	0	0	New Mexico
	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
	0	0	3	83.1	9,220	0	19	17	382.3	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	50.3	5,108	0	19	77.9	1,125.2	1	25.6	90,306	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	0	15	67	130	8	0	47	325	0	3	360	Tennessee
	0	0	0	8	0	0	0	0	152	0	0	0	Texas
	4	7	64	260	550	3	0	8	55	1	16	20.3	Utah
	0	1	21	14.3	0	1	21	0	3	0	0	20	Virginia
	0	0	0	0	0	0	0	0	0	0	0	0	Washington
	0	0	0	11	18,940	0	4	5	13.6	0	0	602	West Virginia
	0	11	3	30.4	1,300	1	4	10	385.6	0	0	400,002	Wyoming
	737.8	188.3	536	5,057.3	99,865.5	276.3	390	903.6	19,967.2	1,790.6	124.6	492,748.7	Total

**Key**

**CERT\*** is the Council of Energy Resources Tribes, and includes: Blackfeet; Cheyenne River Sioux; Mandan, Hidatsa, and Aridara (Fort 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
- 2. Acres
- 3. Feet
- 4. Count
- 5. Gallons/Minute

**Conversion to Metric:**

To convert these statistics to metric units use the following conversion factors:  
 Miles to Kilometers = 1.609  
 Acres to Hectares = .40469  
 Feet to Meters = .30473  
 Gallons to Liters = 3.7854

**Source of Data:**

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



## Appalachian Clean Streams Initiative

The Appalachian Clean Streams Initiative was started in the fall of 1994 by the Office of Surface Mining. The Initiative supports local efforts to eliminate environmental, economic, and public health impacts of acid mine drainage from abandoned coal mines in Appalachia. 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 was 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 1997 appropriation provided \$4 million of "seed-money" for 15 acid mine drainage clean-up projects in nine states. This initial funding provided the incentive for other sources to contribute to the projects, and during 1997 the funding available for these projects grew to over \$8 million. Currently the Office of Surface Mining has 42 projects submitted in 11 Appalachian and mid-western states that can begin reclamation in the upcoming year if funding is available. Also during 1997, interest in the Clean Streams Initiative spread to the Midwest with project proposals submitted by Indiana and Missouri. In addition, projects are being developed by several other states.

## Inventory of Abandoned Mine Land Problems

The Surface Mining Law, 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 1997, for the third 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 588 records added, 1,216 modified, and 41 deleted.

As of September 30, 1997, the system contained information for over 14,060 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 discovered as development expands into old coal mining areas. As of September 30, 1997, a break-down of costs from the Abandoned Mine Land Inventory System is as follows:

Completed	\$1.5 billion	24.2 percent
Funded	\$.3 billion	4.8 percent
Unfunded	\$4.4 billion	71.0 percent
<hr/>		
Total	\$6.2 billion	100 percent

## Reclamation Awards

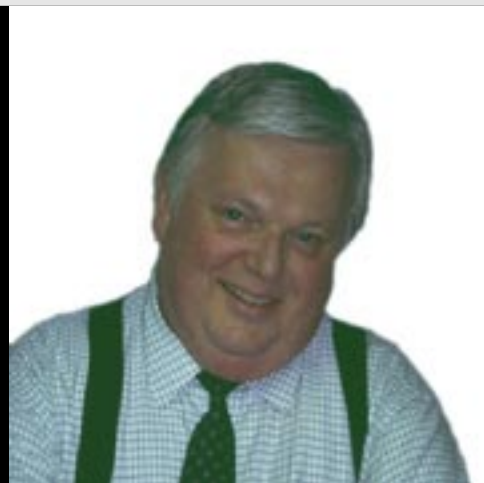
After 20 years of abandoned mine land reclamation funded under the Surface Mining Law, thousands of dangerous health and safety problems throughout the country have been eliminated. To enhance communication about achievements in abandoned mine land reclamation, the Office of Surface Mining has presented awards to those individuals responsible for completion of the most outstanding reclamation. Following a recommendation of the National Association of Abandoned Mine Land Programs, the Office of Surface Mining restructured the awards program this year to reduce the number of awards so that only the best reclamation project in each of the three regions plus the best project in the country received awards. This year, 18 individuals responsible for three award-winning projects received recognition for their work. Awards for the following projects were presented at the 1997 annual meeting of the National Association of Abandoned Mine Land Programs.

### *National award*

- Upper Lehigh Project, Freeland, Pennsylvania.

### *Regional awards*

- Upper Lehigh Project, Freeland, Pennsylvania (Appalachian Region) for reclamation of an abandoned anthracite mining site containing dangerous underground mine openings, highwalls, water pits, and large spoil banks that posed a threat to citizens of the surrounding area.
- ALCOA Project, Rockdale, Texas (Mid-Continent Region), which reclaimed more than 1,000 acres of mine spoil and dangerous impoundments into valuable land that today is a prime source of hay for local livestock.
- Silver Reef Project, Leeds, Utah (Western Region), for reclaiming the historic mining district covering 800 acres with more than 500 mine openings. Reclamation included installation of grates which preserve the habitat of a large colony of Townsend's big-eared bats and keep people safely out of the mines.



### *We ensure high professional standards*

Jeff Franklin is a civil engineer with the Charleston Field Office. Jeff joined the Office of Surface Mining in 1980, coming from the U.S. Corps of Engineers where he had worked on traffic engineering and civil works construction projects. When he came to the Office of Surface Mining, the program was just beginning and he was responsible for design and construction of federal Abandoned Mine Land projects and engineering review of designs completed by the state of West Virginia. In 1982 he rejoined the Corps of Engineers, where he helped construct the King Khalid Military City 60 miles south of the Iraqi border. In 1986, he returned to the Charleston Field Office where he has worked on Maryland and West Virginia regulatory and Abandoned Mine Land oversight.

When he is not working at the Office of Surface Mining Jeff can be found tracking Franklin family legends, learning more about cheese, wine, and beer making, or just getting his last two children through college.



### *We fund state reclamation programs*

Charles McDaniel has been with the Office of Surface Mining since 1979 and has been the Chief of Fee Compliance for Region III (Indianapolis), an Abandoned Mine Land program specialist, and currently a Grants Financial Specialist in the Mid-Continent Regional Coordinating Center. He is responsible for the administration of Abandoned Mine Land and regulatory grants for Illinois, Indiana, and Missouri. This grant funding allows the states to fulfill the Surface Mining Law's mission by providing personnel and equipment to do the necessary work.

When Charles describes his work he says that "the Office of Surface Mining is unique because it is one of the very few federal government agencies where you can see some immediate benefit of its existence."

Charles enjoys all sports, especially cheering for his two sons at their football games, exercising, reading, and music. He has played the drums since he was 10 years old and currently plays drums at his church on Sundays.

# Office of Surface Mining



## ***We work with state regulatory programs.***

Henry Austin is a reclamation specialist at the Western Regional Coordinating Center. He is currently conducting state oversight in both Colorado and Utah. His primary responsibility is conducting complete and special focus inspections in both states. In addition to inspecting mines Henry is also a technical training instructor. He is currently involved in educational outreach to the Navajo Nation.

Henry has a B. Sci. degree in forestry and has 19 years experience with the Office of Surface Mining in Kentucky, Indiana, Tennessee, New Mexico, and now Denver.

Henry says, "There is never a dull moment at the Office of Surface Mining! It's a challenge working in regions with very different mining and reclamation practices."

Henry enjoys hiking, canoeing, skiing, and other outdoor activities.

14



## ***We oversee the Pennsylvania Anthracite Program***

Eric Brummer has inspected anthracite coal mines for the Office of Surface Mining since 1978. Under the anthracite exemption to the Surface Mining Law, before Pennsylvania achieved primacy, the Office of Surface Mining was responsible for enforcement of the existing state statutes and regulations. Eric and his fellow specialists inspected over 500 active surface mines, 125 underground mines, and 15 coal processing facilities. Today his role is oversight of the Pennsylvania Anthracite and Abandoned Mine Land programs.

Eric has a degree in Forest Resource Management and recently has been active in the Appalachian Clean Streams Initiative by collecting water samples in a watershed that has been polluted by acid mine drainage flowing from abandoned mines.

In his free time Eric can be found on his Pennsylvania farm where he raises beef cattle.

We conduct oversight inspections on active coal mines



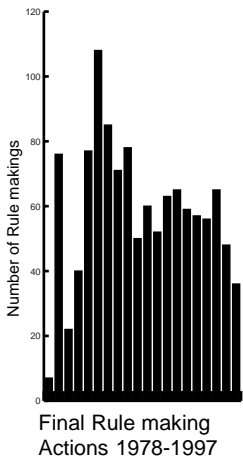
# 2.

# Environmental protection

## Shared federal/state/Indian active surface and underground coal mining and reclamation program

**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 the Surface Mining Law'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 rule making activities.

### Rule making and State Program Amendments



The 1997 rule making 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 four proposed permanent program rules in the Federal Register: Valid Existing Rights (RIN 1029-AB42), Prohibitions of 522(e) (RIN 1029-AB82), Coal Moisture (RIN 1029-AB78), and the Removal of 870.17 (RIN 1029-AB93). In addition, two final permanent program rules were published in 1997: State Program Amendments (RIN 1029-AB86

and 1029-AB87) and Coal Moisture (RIN 1029-AB78). Subject to Office of Surface Mining approval, states have the right to amend their programs at any time for appropriate reasons. Whenever the Surface Mining Law or its implementing regulations are revised, the Office of Surface Mining is required to notify the states of the changes needed to make sure that the state programs continue to meet federal requirements. As a result, the states have submitted a large number of complex amendments. The Office of Surface Mining has taken several steps to process states' submissions more efficiently. For example, the amendment review process within the Office of Surface Mining has been decentralized, and standard format and content guidelines for state program submissions have been issued to the states. Also, in response to current funding levels and resource constraints, an Office of Surface Mining team reevaluated the agency's amendment process, recommending a number of changes to streamline processing efficiency and responsiveness. In 1997, the Office of Surface Mining published 44

**TABLE 5  
FINAL RULES PUBLISHED DURING 1997**

**State Program Amendments (RIN 1029-AB86 and 1029-AB87)**  
62 FR 9932      30 CFR 901-950      3/5/97

This rule revises the information currently reported in the Code of Federal regulations (CFR) regarding the Office of Surface Mining Director's approval of amendments to the state regulatory programs and abandoned mine land reclamation plans. The information was condensed to a three-column tabular presentation.

**Coal Moisture (RIN 1029-AB78)**  
62 FR 45920      30 CFR 870      8/29/97

The rule amends regulations governing how the excess moisture allowance is determined for reclamation fee purposes. The rule clarifies and simplifies technical guidance, and provides the coal industry with standard criteria for calculating the excess moisture allowance on all coals subject to reclamation fee payment.

proposed and 34 final state program amendments in the Federal Register.

### State Programs

Since May 3, 1978, all surface coal mines have been required to have permits and to comply with either Office of Surface Mining regulations or corresponding approved state program provisions (in states that have primacy). Currently, there are 24 primacy states that administer and enforce approved programs for regulating surface coal mining and reclamation under the Surface Mining Law. An effective relationship between the Office of Surface Mining and the states is fundamental to the successful implementation of the Surface Mining Law. This shared federal-state commitment to carry out the requirements of the Surface Mining Law is based on common goals and principles that form the basis for the relationship.

### Oversight of State Programs

Section 517(a) of the Surface Mining Law requires the Office of Surface Mining to make inspections as necessary to evaluate the administration of approved state programs. To implement these duties, the Office of 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.

# Office of Surface Mining

Table 7 summarizes the Office of Surface Mining's oversight inspection and enforcement activities during 1997.

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, and further enhanced in 1997, the Office of Surface Mining's evaluation activities now primarily focus on the successes of states in meeting the Surface Mining Law's goals of protecting the public and the environment against off-site impacts to the land and water and achieving prompt, effective reclamation of land mined for coal. Based in part on input the

## TABLE 6 1997 SIGNIFICANT COURT DECISIONS

### TAKINGS

*Helmick v. United States*, No. 95-0115 (N.D. W. Va.)

On September 8, 1997, Judge Robert Maxwell, United States District Court for the Northern District of West Virginia, granted plaintiff's motion for summary judgment in the valid existing rights case. The Court ruled that OSM had a mandatory duty under SMCRA to define "valid existing rights" and ordered the Department within 30 days to file a schedule for publishing a VER rule by a date certain. Noting that the Department had previously published proposed rules defining VER which had been withdrawn or invalidated in some way, the Court rejected the Department's argument that the January 31, 1997, publication of a proposed rule defining VER had made the rulemaking issue moot. The Court also ruled that OSM had failed to carry out its mandatory duty under SMCRA when, because of a property rights dispute between plaintiff and the U.S. Forest Service, OSM had not issued a final decision on plaintiff's pending application for VER. Finally, the Court declared moot plaintiff's claim that the Department's refusal to process the VER application constituted a taking of its property without just compensation.

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

On April 21, 1997, Judge Hodges issued an opinion awarding \$12,016,254 to plaintiff Eastern Minerals and \$2,720,712 to plaintiffs Wilson and Ann Wyatt, and, on April 25, the court entered final judgment. The monetary award in *Eastern* follows from an October 2, 1996, decision holding that OSM's delay in processing plaintiff Eastern Minerals' permit application had effected a permanent regulatory taking of Eastern Minerals' leasehold interest and the Wyatts' royalty interest but dismissing the claims of other plaintiffs in the case. Both the Government and plaintiffs filed motions for reconsideration on May 9. Those motions remain pending.

### RULE CHALLENGES

*National Mining Ass'n v. Department of Interior*, Nos. 95-5434; 95-5435; 95-5436 (D.C. Cir.) (consolidated)

On January 31, 1997, the U.S. Court of Appeals for the District of Columbia Circuit invalidated OSM's 1988 ownership and control rule finding that one aspect of the rule was inconsistent with the express language of SMCRA § 510(c). The court also invalidated OSM's 1989 permit information and imprudently issued permits rules explaining that they were "founded on the ownership and control rule." The invalidated rules implemented SMCRA § 510(c), which provides that a permit shall not be issued when a surface coal mining operation "owned or controlled by the applicant" is currently in violation of SMCRA. Federal defendants and Appellees National Wildlife Federation and Kentucky Resources Council filed petitions for rehearing, which were denied without explanation on March 28, 1997. The court's mandate was issued on April 16, 1997. All three regulations had previously been upheld in their entirety by the District Court on August 31, 1995. In response to the Court of Appeals' decision, OSM promulgated interim final rules on April 21, 1997, to replace the rules invalidated by the court. NMA then filed a series of motions, in both the Court of Appeals and the District Court, asking the courts to assert jurisdiction over OSM's interim rules and strike them down as being contrary to the Court of Appeals' January 31 opinion, and for other alleged defects in their promulgation.

On June 19, 1997, after a hearing on that same day, the District Court filed a written opinion denying NMA's motion to enforce the mandate and dismissing the case from the court's docket. In doing so, the court found that OSM complied with the mandate by doing "exactly what the Court of Appeals required." On August 20, 1997, the D.C. Circuit entered an order denying NMA's motion to recall and enforce the mandate, noting that any challenge to the interim final rules must be in the form of a new complaint in District Court. NMA filed such a complaint in District Court on June 20, 1997. On October 15, 1997, NMA filed an application for preliminary injunction, asking the District Court to prohibit implementation or enforcement of the interim final rules.

### OWNERSHIP AND CONTROL

*Arch Mineral Corp. v. Babbitt*, No. 95-2793 (4th Cir.)

On January 16, 1997, a panel of the court held that the district court had jurisdiction, that the case was ripe, and that the statute of limitations at 28 U.S.C. § 2462 precluded OSM from making links based on unpaid civil penalties more than five years old. On August 1, 1995, the U.S. District Court for the Southern District of West Virginia had entered a final order granting summary judgment to OSM on the issue of whether under the ownership and control rules, OSM may link an applicant to Abandoned Mine Land (AML) fees more than five years old. The court, however, had granted summary judgment to Arch on all other counts, including holding that OSM may not link applicants to unpaid Federal or State civil penalties more than five years old. The Government did not appeal or seek a rehearing on the January 16, 1997 decision.

### 1997 SIGNIFICANT ADMINISTRATIVE DECISIONS

#### OFFICE OF HEARINGS AND APPEALS —INTERIOR BOARD OF LAND APPEALS

*Kentucky Resources Council, et al., ("KRC") v. OSM*, IBLA No. 94-161 (*Branham & Baker*) (attorneys fees)

On January 17, 1997, in a long-awaited decision, the Board clarified the scope of Section 525(e) of SMCRA, which authorizes fees reasonably incurred in connection with participating in administrative proceedings and is expected to minimize subsequent litigation over fee entitlement in administrative cases. At issue was the extent to which attorneys for citizen complainants should be compensated for time spent prior to initiation of an adversarial proceeding before the Office of Hearings and Appeals. KRC had argued that a party successfully prosecuting a SMCRA citizen's complaint is entitled to recover fees regardless of whether the Board ruled on the substantive or procedural issues raised in the complaint. In its decision, however, the Board adopted the position advocated by OSM, *i.e.*, that a fee applicant must generally show that there was either a procedural or a substantive infirmity in OSM's response to a citizen's complaint and that the citizen made a substantial contribution to resolution of the issues as a result of filing an appeal to the Board.

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 making progress in implementing the new oversight guidance. The new approach has resulted in more meaningful oversight and allows the Office of Surface Mining to focus its limited resources on those program aspects that have the greatest influence on actual on-the-ground conditions in a state.

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 the Surface Mining Law 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 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.

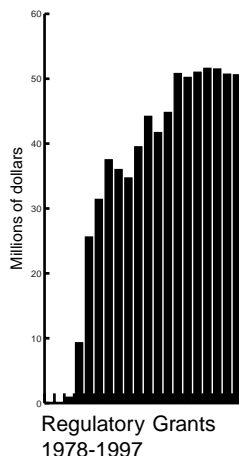
Of the federal program states, only Tennessee and Washington had active coal mining in 1997. Table 8 includes the Office of Surface Mining's regulatory actions in those two states during 1997.

**TABLE 7  
FEDERAL OVERSIGHT OF STATE PROGRAMS  
1997**

State	Inspections	Violations Cited in Office of Surface Mining Enforcement					
		Notice of Violations		Failure-To-Abate		Imminent Harm	
		Actions	Violations	Actions	Cessation Orders	Actions	Cessation Orders
Alabama	138	0	0	0	0	0	0
Alaska	0	0	0	0	0	0	0
Arkansas	13	0	0	0	0	0	0
Colorado	13	0	0	0	0	0	0
Illinois	142	0	0	0	0	0	0
Indiana	187	0	0	0	0	0	0
Iowa	16	0	0	0	0	0	0
Kansas	7	0	0	0	0	0	0
Kentucky	870	11	11	6	6	0	0
Louisiana	4	0	0	0	0	0	0
Maryland	48	1	1	0	0	0	0
Mississippi	15	0	0	0	0	0	0
Missouri	45	0	0	0	0	0	0
Montana	22	0	0	0	0	0	0
New Mexico	2	0	0	0	0	0	0
North Dakota	30	0	0	0	0	0	0
Ohio	197	0	0	0	0	0	0
Oklahoma	85	1	1	1	1	1	3
Pennsylvania	371	14	14	5	5	0	0
Texas	19	0	0	0	0	0	0
Utah	9	0	0	0	0	0	0
Virginia	335	0	0	0	0	0	0
West Virginia	432	20	20	11	11	0	0
Wyoming	14	0	0	0	0	0	0
Total	3,014	47*	47	23	23	1	3

\* Of the 47 Notices of Violation and 23 Cessation Orders issued by the Office of Surface Mining, 45 NOV's and 20 CO's were related to Abandoned Mine Land fees.

## Grants to States and Tribes



Section 201 of the Surface Mining Law authorizes the Office of Surface Mining to help state regulatory authorities develop or revise surface mining regulatory programs. In 1997, the Office of Surface Mining awarded \$600,000 for program development grants to the Crow, Northern Cheyenne, Hopi, and Navajo Tribes.

Section 705 of the Surface Mining Law 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, matching state regulatory costs dollar for dollar. In addition, when a state elects to administer an approved program



# Office of Surface Mining

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 9 shows grant amounts provided to states during 1997 to administer and enforce regulatory programs.

## Regulation of Surface Mining on Federal and Indian Lands

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

The federal lands program is important because the federal government owns significant coal reserves, primarily in the West. The development of federal coal reserves is governed by the Federal Coal Management Program of the Department of the Interior's Bureau of Land Management. Of the 234 billion tons of identified coal reserves in the western United States, 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 1997, the Secretary had entered into such cooperative agreements with Alabama, Colorado, Illinois, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Utah, Virginia, West Virginia, and Wyoming. Also, a cooperative agreement with Kentucky was proposed in 1997.



We enforce the Surface Mining Law requirement to return reclaimed

18

**TABLE 8  
REGULATORY PROGRAM STATISTICS  
1997**

	Alabama	Alaska	Arizona	Arkansas	Colorado	Crow Tribe**	Georgia*	Hopi Tribe**	Illinois	Indiana	Iowa	Kansas	Kentucky	Kentucky*	Louisiana	Maryland	Missouri
Regulatory Program Staffing (FTE's 9/30/97)	29	3.4	NA	6.35	25	1	NA	NA	49.95	60.2	4.7	3.6	320	4.3	3.7	13.8	15.7
Abandoned Mine Land Staffing (FTE's 9/30/97)	22	3.5	NA	6.3	12	6.5	NA	2.5	17.96	26	5.3	11.5	86	0	1.5	5.8	12.3
New Permits	10	0	0	0	1	0	0	0	4	19	0	2	99	1	0	2	1
New Acreage Permitted	1,071	0	0	0	2,327	0	0	0	418	11,524	0	229	22,319	349	0	217	445
Total Acreage Permitted	94,994	5,871	417	1,395	159,770	5,440	303	62,830	99,043	284,758	6,000	6,036	1,642,700	25,710	45,100	6,346	45,735
Inspectable Units (9/30/97)	296	9	1	21	62	1	8	7	283	368	28	15	2,782	50	2	69	59
Complete Inspections	3,494	24	0	79	240	4	6	27	423	1,278	112	62	12,692	229	8	390	140
Partial Inspections	748	61	0	162	484	8	1	16	937	2,880	224	124	17,758	280	16	520	208
Notices of Violations (Actions)	161	1	0	3	19	0	0	7	36	111	77	6	1,062	17	3	9	74
Notices of Violations (Violations)	217	1	0	7	19	0	0	9	46	123	77	6	1,926	20	6	9	74
Failure -to-Abate Cessation Orders (Actions)	16	0	0	0	0	0	0	0	1	9	69	9	126	0	0	1	22
Failure-to-Abate Cessation Orders (Violations)	21	0	0	0	0	0	0	0	1	9	69	9	NA	0	0	1	22
Imminent Harm Cessation Orders (Actions)	1	0	0	0	0	0	0	0	0	0	0	0	11	6	0	0	1
Imminent Harm Cessation Orders (Violations)	1	0	0	0	0	0	0	0	0	0	0	0	11	7	0	0	1
Bond Forfeitures	12	0	0	0	0	0	0	0	0	0	0	0	44	0	0	0	24
Acreage of Phase III Bond Release	4,140	0	0	133	296	0	0	0	1,168	3,725	0	4,875	19,925	469	0	643	1,110

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

# 1997 Annual Report



land to its approximate original contour

Under the Surface Mining Law, 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 the Surface Mining Law are carried out by the Office of Surface Mining. During 1997, one new permit was 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 of the Interior. During 1997, nine mining plan actions were prepared and approved for coal mines on federal land.

Pursuant to Section 710 of the Surface Mining Law, 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. Also, on the Navajo Reservation a permit application was submitted for a coal preparation plant, in accordance with the permanent Indian Lands Program, and is operating under administrative delay. 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.

**TABLE 8 (continued)  
REGULATORY PROGRAM STATISTICS  
1997**

	Montana	Navajo Tribe**	New Mexico	North Dakota	Ohio	Oklahoma	Pennsylvania	Tennessee	Texas	Utah	Ute Tribe**	Virginia	Washington	West Virginia	West Virginia*	Wyoming
Regulatory Program Staffing (FTE's 9/30/97)	18.9	NA	13.8	9.7	NA	33	307	56	45	24	NA	81	NA	255	NA	30.2
Abandoned Mine Land Staffing (FTE's 9/30/97)	10	24	11.5	5.8	NA	6	145	0	10	9	NA	16	NA	70	NA	12.5
New Permits	0	0	0	0	56	4	122	0	0	1	0	42	0	106	0	0
New Acreage Permitted	32	180	384	0	4,022	3,937	14,392	2,894	0	720	0	28,077	0	20,419	0	3,670
Total Acreage Permitted	60,300	32,448	71,990	72,060	139,327	39,800	504,140	25,298	207,100	144,282	265	58,713	14,931	286,390	20	319,470
Inspectable Units (9/30/97)	18	8	15	46	597	97	2,292	441	22	30	2	949	2	3,199	1	38
Complete Inspections	95	28	60	193	2,597	401	9,343	1,239	95	120	8	3,894	3	9,417	4	145
Partial Inspections	86	56	123	675	3,131	697	14,537	1,331	268	186	16	3,975	14	13,156	0	276
Notices of Violations (Actions)	8	5	6	2	145	44	974	35	14	35	0	236	1	1,241	0	16
Notices of Violations (Violations)	8	9	6	2	145	69	1,135	44	14	46	0	301	1	1,241	0	16
Failure-to-Abate Cessation Orders (Actions)	2	0	0	0	11	1	48	6	0	1	0	7	0	110	0	2
Failure-to-Abate Cessation Orders (Violations)	2	0	0	0	11	1	76	7	0	1	0	9	0	110	0	2
Imminent Harm Cessation Orders (Actions)	0	0	0	0	9	0	1	1	0	1	0	4	0	21	0	0
Imminent Harm Cessation Orders (Violations)	0	0	0	0	9	0	1	1	0	1	0	4	0	21	0	0
Bond Forfeitures	0	0	0	0	4	1	27	1	0	1	0	2	0	32	0	0
Acreage of Phase III Bond Release	0	0	0	541	10,525	7,492	12,697	1,065	1,933	0	0	3,959	0	6,592	0	0

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

**TABLE 9  
REGULATORY GRANT FUNDING  
1997 OBLIGATIONS**

State	Federal Funding		Cumulative Through 1997*
	1997	1996	
Alabama	\$1,039,433	\$1,189,270	\$20,716,782
Alaska	171,753	171,510	4,727,647
Arkansas	156,222	170,980	2,709,355
Colorado	1,571,274	1,569,053	19,009,286
Illinois	2,287,009	2,283,776	40,072,000
Indiana	2,034,578	1,669,664	23,298,160
Iowa	149,411	155,010	2,011,681
Kansas	112,666	125,119	2,344,844
Kentucky	12,835,636	12,456,815	195,952,590
Louisiana	183,813	183,553	2,661,324
Maryland	499,503	470,712	8,860,106
Michigan	0	0	135,458
Mississippi	64,284	30,181	571,294
Missouri	424,176	423,576	6,207,401
Montana	860,973	859,756	11,881,073
New Mexico	673,287	676,832	9,216,692
North Dakota	487,783	509,983	8,864,553
Ohio	1,234,186	2,124,017	49,211,326
Oklahoma	839,041	837,855	12,729,552
Pennsylvania	10,395,890	10,630,839	153,071,482
Rhode Island	0	0	158,453
Tennessee	0	0	5,340,085
Texas	1,463,371	1,180,615	14,621,699
Utah	1,404,191	1,388,982	19,428,181
Virginia	2,955,119	2,953,671	49,643,658
Washington	0	0	4,893
West Virginia	7,217,537	7,207,333	76,329,919
Wyoming	1,494,863	1,492,750	23,613,708
Crow Tribe	15,877	0	748,636
Hopi Tribe	22,936	0	908,386
Navajo Tribe	75,205	0	2,215,666
N. Cheyenne	5,983	0	5,983
<b>Total</b>	<b>\$50,676,000</b>	<b>\$50,761,852</b>	<b>\$767,271,873</b>

\*Includes obligations for AVS, Kentucky Settlement, and other Title V cooperative agreements. Figures for 1997 do not include downward adjustments of prior-year awards. However, cumulative figures are net of all prior-year downward adjustments.

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) provides authority to provide grants to the Crow, Hopi, Navajo, and Northern Cheyenne Tribes to assist them in developing programs for regulating surface coal mining and reclamation operations on Indian lands. The development of these programs includes: creating tribal mining regulations and policies; working with the Office of Surface Mining in the inspection and enforce-



We write mining and reclamation regulations

ment of coal mining activities on Indian lands (including permitting, mine plan review, and bond release); and education in the area of mining and mineral resources. A series of separate, informal meetings began in 1995 to discuss issues and to determine how best to develop draft legislation that would allow tribal governments to assume primacy. All parties have agreed on making certain modifications to the draft legislation and have agreed to an action plan. Development grant funding for 1997 included \$480,000 from the Bureau of Indian Affairs and \$120,000 from the Office of Surface Mining budgets. This funding will continue in 1998. Table 8 includes statistics on regulatory activity on Indian lands during 1997.

### Electronic Permitting

Electronic permitting technology was first introduced to the states and tribes in 1989, when the Technical Information Processing System was implemented. Since that time, use of computer technology in the permitting and inspection process has dramatically increased. The Office of Surface Mining has now received the entire text and much of the map data for Peabody Western Coal Company's Black Mesa permit in electronic form. With the use of new computers, global positioning system satellite survey equipment, and electronic cameras, the Office of Surface Mining will begin to test the expediency of fully automated reviews of permit revisions. During 1997, Office of Surface Mining staff began work on several large western mines to convert the permits into electronic form. If successful, this test may dramatically change the way the Office of Surface Mining conducts its permitting activities.

### Applicant Violator System

The Applicant Violator System, a computer database maintained by the Office of Surface Mining, was developed to prevent persons and companies with uncorrected violations of the Surface Mining Law from obtaining new coal mining permits until such violations have been abated or resolved. The Applicant Violator System includes



# 1997 Annual Report

permit application information, ownership and control information, and violation data. When someone applies for a permit, surface mining regulators check the system and consult with the Office of Surface Mining to determine if the applicant is linked to outstanding violations that would warrant denial of the permit. The Applicant Violator System also is checked prior to awarding Abandoned Mine Land reclamation contracts. During 1997, the Office of Surface Mining responded to 4,382 requests for Applicant Violator System information for permit applications and Abandoned Mine Land reclamation contracts — roughly the same level of requests as in 1996.

In January of 1997, the U.S. Court of Appeals for the DC Circuit rejected the regulations upon which the Office of Surface Mining had based ownership and control decisions for the past nine years. Although the court found only one substantive aspect of the rules to be flawed, the decision had the effect of invalidating all the ownership and control regulations. In three months interim regulations were promulgated that comply with the court's decision and revised

the operation of the System to ensure that day-to-day decisions are consistent with the court action.

In 1997, a team of Interior Department staff began a thorough review of the Office of Surface Mining's ownership and control regulations and policies with the goal of identifying ways to make them as effective and fair as possible. In developing replacement regulations to be proposed during Fiscal Year 1998, the team began the process of reaching out to interested parties to ensure that the views of all stakeholders are considered.

In 1997, the Office of Surface Mining completed moving the Applicant Violator System maintenance and operation responsibilities from Washington, DC, to the consolidated computer support facilities within the Division of Financial Management in Denver, Colorado. This move eliminated a costly technical support contract in Washington.

Working with the Environmental Protection Agency, the Office of Surface Mining has begun to add Clean Water Act violations to





We approve experimental practices

the Applicant Violator System data base, thus beginning to fulfill the requirement in the Surface Mining Law that such violations be considered in making coal mine permitting decisions.

Applicant Violator System staff continued their effort to assist states with their implementation and operation of the system by providing training and investigative assistance. In addition, assistance was provided to field offices charged with oversight of state use and operation of the system by reviewing and analyzing reports and providing field offices with recommendations for improvement.

### Pennsylvania Anthracite Program

Section 529 of the Surface Mining Law 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 the Surface Mining Law program standards.

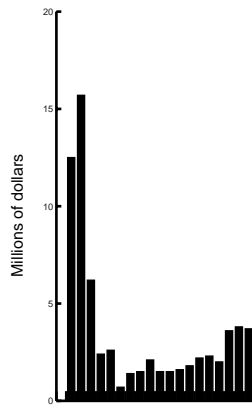
The Pennsylvania anthracite coal region is located in the northeast quarter of the state and covers approximately 3,300 square miles. More than 20 different anthracite coal beds vary in thickness from a few inches to 50 or 60 feet. The anthracite region is characterized by steeply pitching seams, some 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 1996<sup>3</sup> the anthracite mining industry increased production<sup>4</sup> to around 11.5 million net tons per year, approximately 14 percent of Pennsylvania's annual coal production. The reprocessing of anthracite culm banks accounts for almost three-quarters of the anthracite coal production. Some of this reprocessed coal helps to fuel eight cogeneration plants. Anthracite operators mined approximately 8.4 million tons from culm banks, 2.7 million tons from surface mines, and 0.4 million tons from underground mines.

Pennsylvania's Department of Environmental Protection continues to carry out the provisions of the anthracite regulatory program successfully. State mine inspectors have achieved approximately 89 percent<sup>5</sup> of the required complete and partial inspections. On 98 percent<sup>6</sup> of the complete inspections conducted by state inspectors, the mine operations were in compliance with performance standards. The District Mining office in Pottsville continues to do outstanding work in the clean-up of the headwaters of Swatara Creek.

### Small Operator Assistance Program (SOAP)



SOAP Grant Obligations 1978-1997

Section 401 (b)(1) of the Surface Mining Law authorizes up to 10 percent of the fees collected for the Abandoned Mine Reclamation Fund to be 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 for determining whether small operators qualify for assistance.

22

3. Calendar year 1996.  
 4. Pennsylvania Department of Environmental Protection, Harrisburg, 1996 Annual Report on Mining Activities.  
 5. Pottsville District Mining Office, Coal Inspection Exception Report, 01/01/97 thru 09/30/97.  
 6. Pennsylvania Department of Environmental Protection, Field Operations Data Base (LUMIS), Inspector-Citation Summary Report for Period 10/01/96 thru 09/30/97 -- Summary for Pottsville.

**TABLE 10  
 SMALL-MINE OPERATOR ASSISTANCE  
 1997 GRANT AWARDS\***

State	1997	1996
Kentucky	\$1,215,475	\$1,383,690
Maryland	70,000	75,000
Ohio	225,000	240,000
Pennsylvania	1,200,000	1,400,000
Virginia	0	10,000
West Virginia	1,000,000	787,500
Total	\$3,710,475	\$3,896,190

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

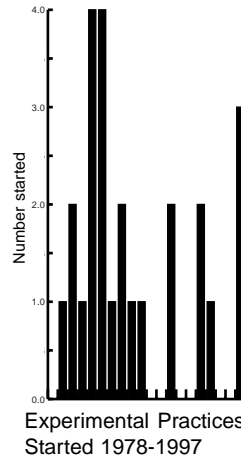


# 1997 Annual Report

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

Small Operator Assistance Program 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 the Small Operator Assistance Program. In 1997, 146 small mine operators received assistance, comparable to the 145 operators who received assistance in 1996. Table 10 provides a breakdown of the Small Operator Assistance Program grant awards by state during 1997.

## Experimental Practices



Section 711 of the Surface Mining Law 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 the Surface Mining Law 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.

ship between the mine operator, the state, and the Office of Surface Mining.



During 1997, one ongoing experimental practice project was completed and one involving direct seeding of a slurry pond continued. Three new experimental practices were approved in 1997, all located in Kentucky. The first includes converting a coal refuse impoundment into a recreational fishing lake. Another will use direct seeding of a refuse impoundment and preparation plant area to create a fish and wildlife postmining land use. The third will create a 91-acre commercial/industrial site by retaining the paved roads, buildings, and utilities which lie between two highwalls and hollowfills.

## Reclamation Awards

To recognize and transfer the lessons learned from completing the nation's most outstanding reclamation, the Office of Surface Mining presents awards to coal mine operators who have completed mining and reclamation operations that resulted in outstanding on-the-ground performance. Awards for 1997 were presented October 30, 1997, at the National Mining Association's annual meeting, as follows:

### *Director's Award*

■ Each year, one coal mining operation in the country is selected to receive the Director's Award for outstanding achievement in a specific area of reclamation. This year the award was presented to the Coteau Properties Company Freedom Mine in Beulah, North Dakota, for exemplary reclamation and commitment that resulted in benefits to the local community by working in partnership with farmers to expeditiously return mined land to full agricultural production.

### *National Awards*

■ Buffalo Coal Company, Davis, West Virginia, for exemplary reclamation that redirected Pendleton Creek from a subsidence crater to its natural course, resulting in enhanced wetland and wildlife habitat in the area.

■ Bellaire Corporation, Indian Head Mine, Beulah, North Dakota, this year's winner of the "Best of the Best" award as 1997's top example of surface mine reclamation, for complete reclamation of the mine site into cropland and native grassland for cattle grazing.

■ Triton Coal Company, Buckskin Mine, Gillette, Wyoming, for reclamation of an alluvial valley floor in the Powder River Basin, including reconstruction of the floodplain and replacing 26 inches of topsoil on the valley floor to reestablish the valley floor's environment following mining.

■ Peabody Coal Company, Gibraltar Mine, Central City, Kentucky, for using experimental practices to reclaim three coal slurry impoundments into an outstanding wetland habitat, prized by local hunters, fishermen, and nature observers.



We ensure all surface water runoff from coal mines is routed through sedimentation ponds before leaving the permit area.

■ Drummond Company, Kellerman Mine, Brookwood, Alabama, for mining and reclamation that eliminated both surface and underground abandoned mine problems, including acid mine drainage, saving the National Abandoned Mine Reclamation Fund approximately \$700,000.

■ Cumberland River Coal Company, Ridgeline Mine, Jackson, Kentucky, for its "Zero Impact Mining" plan designed to alleviate disturbance to areas outside and adjacent to the coal reserve, which ultimately protected area watersheds.

### *Hall of Fame Awards*

To commemorate the 20th anniversary of the Surface Mining Law, a special group of honors, the Reclamation Hall of Fame Awards, were presented to seven mining operations which had won national awards in previous years. The one-time award recognizes the most outstanding past winners whose reclamation has withstood the test of time. Hall of Fame winners are:



We inspect active coal mines in non-primacy states



# 1997 Annual Report



We monitor blasting to determine structural damage

- Coal-Mac, Inc., and the Rifle Coal Company, Debord, Kentucky, a 1991 winner for exemplary reclamation of a mountaintop removal operation which resulted in the creation of an outstanding wildlife habitat.
- Solar Sources, Inc., Lynnville Mine, Lynnville, Indiana, a winner in 1992 for reclamation that included replacement of county roads, a creek, and replacement of all disturbed soil to prime farmland depths.
- R & F Coal Company, Cheslock-Hendershot Mine, St. Clairsville, Ohio, which won in 1990 for reclaiming a 400-acre site that improved farmland yields, established a wildlife habitat with ponds and vegetation, and provided athletic fields for the St. Clairsville sports complex, as well as sites for new homes.
- W.H. Bowlin Coal Company, Whitley County, Kentucky, a 1993 winner for reclamation which changed a pre-1977 mining site from an area of coal spoil ridges to a wildlife habitat and rolling pasture for cattle grazing.
- Bellaire Corporation, Indian Head Mine, Beulah, North Dakota, winner in 1992 for its reclamation plan for preservation of wooded draws, a natural part of North Dakota's northern plains environment. Bellaire preserved the draws by mining around them, rather than through them.
- Kerr-McGee Corp., Jacobs Ranch Mine, Wright, Wyoming, a winner in both 1988 and 1993 for its ongoing reclamation activities which have reclaimed thousands of acres of land in the Wyoming Powder River Basin, site of the nation's largest and longest-operating surface coal mines.
- Western Energy Company's Rosebud Mine, Colstrip, Montana, which won in 1990 for establishment of native rangeland that provides both excellent wildlife habitat and livestock grazing areas, and in 1992 for preservation of historical artifacts prior to mining.



### ***We complete oversight inspections.***

Michael Hiscar majored in Forest Resource Management in college, then joined the Peace Corps and worked in Niger West Africa building tree nurseries, stabilizing sand dunes, and planting trees for green belts. Mike began working for the Office of Surface Mining in 1979, where he was a mine inspector in the Clarksburg, West Virginia, Office. He currently works in the Columbus Office where his responsibilities include oversight inspections of active mining operations, and oversight reviews of the Ohio program. Some of his recent oversight studies included: Contemporaneous Reclamation, Temporary Inactive Permits, and Stream Buffer Zone Variances. Mike is also involved with mining on federal lands in Ohio, where he works with concerned citizens on issues dealing with mining in the Wayne National Forest.

Mike and his wife Trish have three children, and on weekends he can usually be found in the stands at some sporting event watching the kids participate in basketball, volleyball, soccer, baseball, track, or marching band.



### ***We grow***

Alzira Meierling began her career with the Office of Surface Mining as the Confidential Assistant to Walter Heine, the first Director. Today she is one of the agency's most valued staff members. Over the years Alzira has made many noteworthy contributions. She worked to formulate the Management By Objectives program, was the agency's Freedom of Information Coordinator, worked to develop and carry out the Technical Training program, developed standards for evaluating effectiveness of the Applicant Violator System, established a Career Development Resource Center, prepared congressional briefing materials, and helped develop the plan to transition the Office of Surface Mining into a self-managed team environment. Currently Alzira monitors and evaluates administrative services accounts in the Washington, D.C., Headquarters.

Alzira and her husband have two children who play soccer and other sports, and she spends weekends and other free time cheering for her children's teams.





***We provide technical assistance***

Bob Welsh is a geologist based in the Western Regional Coordinating Center in Denver where he serves on the Technical Information Processing System (TIPS) National Team. Bob is a certified Global Positioning System instructor who has trained over 250 state and federal scientists in this emerging technology in the last five years. He provides Global Positioning System and computer expertise to state and Office of Surface Mining offices through the TIPS program.

Bob holds B. Sci. and M. Sci. degrees in Geology, and was raised in the Western Pennsylvania coal country. He has been with the Office of Surface Mining for 13 years in Pittsburgh and Denver and an additional seven years with the U.S. Bureau of Mines. Bicycling, youth sports, and travel are among his other interests.

Bob adds, "I enjoy the one-on-one contact with state professionals in my training and technical assistance experiences. I feel that I can make a difference by giving them better tools to do their jobs."



***We provide support to technical staff***

Kate Smith is a Program Assistant in the Charleston Field Office. She began working for the Office of Surface Mining in 1978 where she served as Secretary for the Technical Services staff. In 1982, Kate became a Legal Clerk with the Field Solicitor's Office where she continued to work closely with coal mining and reclamation issues. She returned to the field office in 1989. What began as a regulatory program assistant job eight years ago has become a position that provides a myriad of services to the regulatory, Abandoned Mine Land, and administrative staff. Her responsibilities now include preparation of Freedom of Information Act and Congressional responses, and administrative activities. Kate also serves as the Equal Employment Opportunity Counselor for the field office.

Kate and her husband, John, consider themselves to be rock and roll aficionados. In the last couple of years, they have traveled to surrounding states to see the Rolling Stones, Bob Seger, Paul McCartney, Elton John, Tina Turner, the Band, and Aerosmith.

We convene technical workshops

## 3.

# Technology development and transfer

**T**hese program areas are focused to assure the states, Indian Tribes, federal agencies, industry, and citizen organizations have the necessary level of understanding to implement the Surface Mining Law. This includes a technical knowledge needed to protect the public, property, and environment during mining and reclamation and to restore damaged coal mined lands and waters to productive use.

## 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 more problems through technical assistance, rather than oversight.

Since 1995 the seven Western states of Alaska, Colorado, Montana, New Mexico, North Dakota, Utah, and Wyoming along with the Office of Surface Mining have collaborated through their participation in the Western Regional Technical Team. Prioritization of topics and issues led to an Office of Surface Mining-sponsored Bond Release Forum that addressed issues related to the 10-year bond release period required in the west. As follow-up to the Forum, an Applied Statistics for Arid and Semi-arid Lands Workshop was held to address specific statistical issues. As part of this work the Office of Surface Mining established an on-line communication Listserve Group (Minebonds) as an outreach initiative to provide on-line communication for discussion and technical assistance on bonding issues. These successful activities will be followed by a second workshop and forum in 1998.

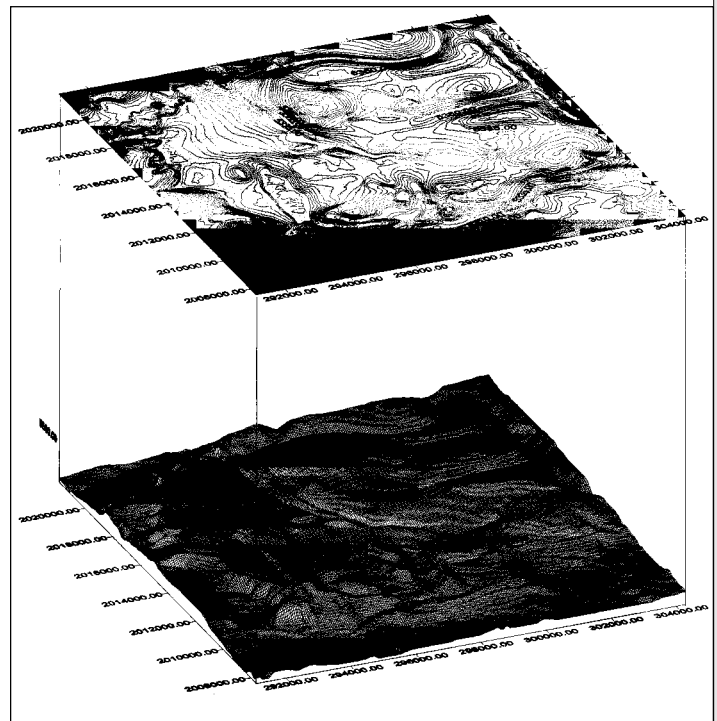
The Office of Surface Mining is coordinating a working group developing a handbook with guidelines on how to apply the U.S. Department of Agriculture's Revised Universal Soil Loss Equation to mined lands, construction sites, and reclamation areas.

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 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 Indonesian agreement, which is funded by the World Bank, all work by the Office of Surface Mining is done on a 100 percent reimbursable basis, including reimbursement of overhead costs.

## Technical Information Processing System (TIPS)

The Technical Information Processing System is a computer system designed by the Office of Surface Mining in partnership with primary 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 the Surface Mining Law. 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, tribal, and selected federal offices.



We use current technology to implement the Surface Mining Law



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 1997 included installation of systems for the Navajo Nation. Training of state, tribal, and Office of Surface Mining personnel in the practical application of TIPS is performed on a continuing basis. In 1997 training was provided for surface-water modeling, three-dimensional spatial geologic and toxic-material modeling, geographic information system use, slope stability, statistical analysis, and global positioning system uses. Technical training on TIPS software applications reached over 280 state and Office of Surface Mining scientists in 41 courses during 1997. In 1997, TIPS was instrumental in the deployment of electronic permitting hardware and software and in the development of Geographical Information System capabilities for coal mines on Indian lands. In 1997, TIPS

workstations were installed in the offices of the Hopi and Navajo tribes. In addition, as part of the Office of Surface Mining's Indonesia project, TIPS provided training to Indonesian government staff on a TIPS workstation delivered earlier in support of Indonesia's effort to develop a mining regulatory program .

### Acid Drainage Technology Initiative

Under the Office of Surface Mining leadership, this initiative provides a forum to identify and implement scientific solutions to acid mine drainage problems. The initiative is a joint venture of the National Mine Land Reclamation Center at the University of West Virginia, Interstate Mining Compact Commission, National Mining Association, and the Office of Surface Mining. A principal goal of the initiative is to develop more reliable premining predictive testing procedures and improve the validity and reliability of field and laboratory data. Another goal is to develop standardized procedures and techniques to prevent the formation of acid mine drainage during mining operations.

28



We teach blasting requirements needed to stay within safe limits and obey the Surface Mining Law



## Training

During 1997, 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 taught by teams of state and Office of Surface Mining staff. In 1997, a total of 106 instructors contributed to the program with 50 percent of the instructors from the Office of Surface Mining, 39 percent from 17 states, eight percent from the Solicitor's offices, and three percent from other sources.

In 1997, 1,010 participants attended the 57 sessions offered for 27 courses held at 25 locations in 14 states. State and tribal students accounted for 68 percent of program attendance, Office of Surface Mining personnel for 28 percent, and private four percent. The 27 courses offered in 1997 included: three Acid-Forming Materials courses: Fundamentals, Principles and Process, and Planning and Prevention; four Abandoned Mine Land Project Design workshops: Dangerous Highwalls, Dangerous Openings, Landslides, and Subsidence; two Bonding Workshops: Administrative/Legal and Cost-Estimation; Administration of Reclamation Projects; Applied Engineering Principles; Blasting and Inspection; Effective Writing; Enforcement Procedures, Erosion and Sediment Control, Evidence Preparation and Testimony; Expert Witness; Historic and Archeological Resources; Instructor Training; NEPA Procedures; Permitting Hydrology; Principles of Inspection; Soils and Revegetation; Spoil Handling and Disposal; Surface and Groundwater Hydrology; Underground Mining Technology; and Wetlands.

Two new Abandoned Mine Land Project Design courses (Landslides and Subsidence) were added and several courses including Underground Mining, Effective Writing, and Applied Engineering Principles were revised to better meet student needs.

The training program will offer a full schedule of 27 courses in approximately 55 sessions in 1998. Forty-seven of those sessions will be scheduled at the beginning of the year, and additional sessions will be scheduled as needed to meet special needs identified by program customers during the year. To meet demand for training by industry and the public, the program will conduct workshops at broadly attended national meetings such as the American Society for Surface Mining Reclamation and the National Abandoned Mine Land programs Annual Meeting.

The Office of Surface Mining has recognized a need for training staff in trust responsibility to American Indian Tribes and has initiated a plan to cooperate with other Interior Department bureaus in the development of a comprehensive training course. The objectives of this training program include: 1) to describe the Interior Department's trust responsibilities and each bureau's policies and procedures for fulfilling those trust responsibilities; 2) to ensure that the cooperating agencies are aware of what their responsibilities include and are operating from an understanding in common; and 3) to develop a comprehensive resource handbook to be used as a desk reference manual. The Office of Surface Mining will participate in this department-wide Indian Trust Responsibility Training Program that will include the Bureau of Land Management, Bureau of Indian Affairs, Minerals Management Service, Solicitor's Office, and the Office of American Indian Trust.



### ***We see on-the-ground results from our technical assistance***

David Best is a Civil Engineer in the Mid-Continent Regional Coordinating Center and has been with the Office of Surface Mining for 12 years in Knoxville, Tulsa, and Alton. Prior to joining the Office of Surface Mining he worked for the Tennessee Valley Authority. His work entails providing technical assistance to the three field offices and eleven states within the region. David provides expertise on bonding, siltation structures, blasting, roads, and materials handling. He represents the Mid-Continent Region on the Nationwide Blasting Work Group and the Dam Safety Team. He is also the regional coordinator for the Appalachian Clean Streams and American Heritage Rivers Initiatives.

David says, "I enjoy working with the states and field offices within the region. The varied technical challenges keep me busy and with the ability to provide technical assistance directly to the states, I have the ability to influence the front-line technical personnel to approve better mining and reclamation plans."



### ***We implement the Appalachian Clean Streams Initiative***

Jim Taitt is the acid mine drainage coordinator for the Appalachian Regional Coordinating Center, with responsibilities of developing and maintaining partnerships with state and federal agencies in support of the Appalachian Clean Streams Initiative.

Jim is a Vietnam Veteran and has a B.A. in political science and a M.A. in public policy. His thesis was on environmental regulatory programs and their implementation at the state and federal level. The primary focus was on the Office of Surface Mining 1977-1980.

In 1980 Jim joined the Office of Surface Mining in Charleston as a Federal Lands Specialist with responsibility to establish policies and procedures for federal permitting, the lands unsuitable process, and valid existing rights determinations. After transferring to Pittsburgh he was instrumental in getting the Clean Streams Initiative started in 1994.

Jim is an avid bass fisherman and skilled cabinet maker.



# Office of Surface Mining



### ***We keep the office functioning smoothly***

Nancy Bryant is the Administrative Officer for the Charleston Field Office and its two area offices in Beckley and Morgantown, West Virginia. In this position Nancy serves as the principal person responsible for all administrative and resource needs for the field office.

Nancy is a native of West Virginia, and has a bachelor's degree in business administration and a masters degree in industrial relations. Prior to joining the Office of Surface Mining in 1987, she was a loan officer for the Small Business Administration.

When Nancy is not keeping the field office running smoothly she is busy with her twin boys.



### ***We report the financial status***

Rob Winter is an accountant with the Financial Management office in Denver, Colorado. His primary responsibility includes preparing the Office of Surface Mining's Annual Financial Statements that are audited by the Inspector General each year. These are the statements that present the complete picture of the Office of Surface Mining's finances that are in the next section of this report.

Rob has a degree in Accounting and just completed an M.S. in Management. He has been with the Office of Surface Mining for six years and remarks that "the Office of Surface Mining possesses the highest degree of professionalism of any organization I have seen."

When not accounting for Office of Surface Mining finances, Rob enjoys the Colorado outdoors with his wife Ronda. From golfing to biking to skiing to camping, they love experiencing the "beauty that God gave us to enjoy every day."

We ensure compliance with the Surface Mining Law

# 4.

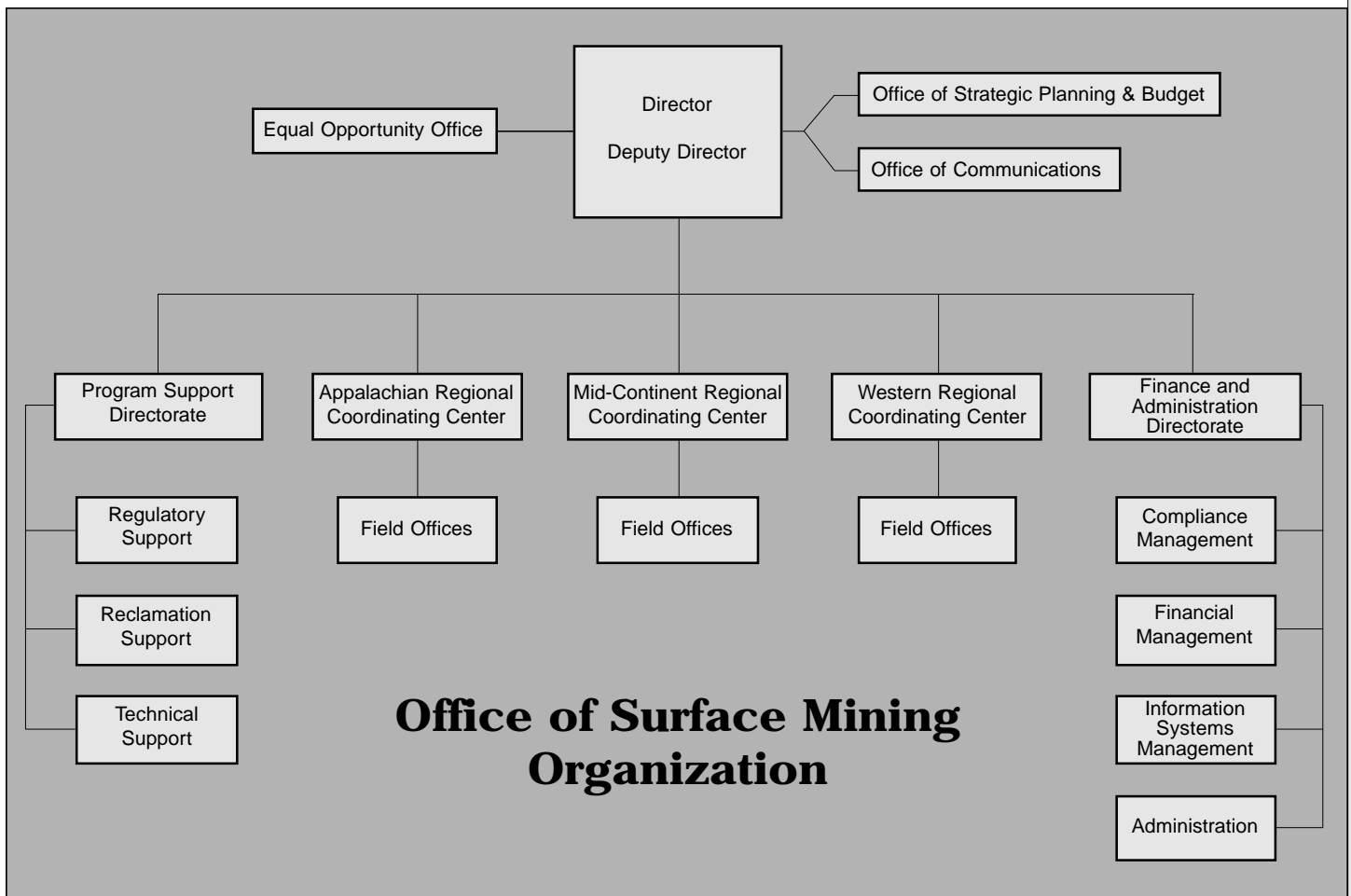
## Financial management and Executive Direction and Administration

**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 Law. 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: reclaiming abandoned mines and regulating active coal mining.

### Organization of the Office of Surface Mining

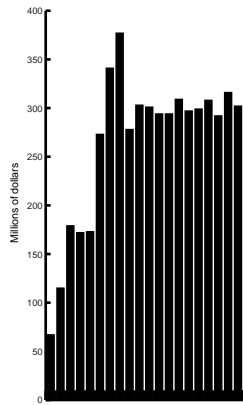
The Office of Surface Mining is field-oriented, with headquarters in Washington, D.C., three regional coordinating centers, 10 field offices, and six area offices. During 1996 the Office of Surface Mining implemented a major reorganization to incorporate new ways to accomplish the agency's mission more effectively and efficiently. Organizational changes made to achieve this goal included changing the Ashland and Wilkes-Barre Area Offices to team offices under the Appalachian Regional Coordinating Center, and the Olympia Area Office to a satellite office under the Casper Field Office.





# Office of Surface Mining

## Budget and Appropriations



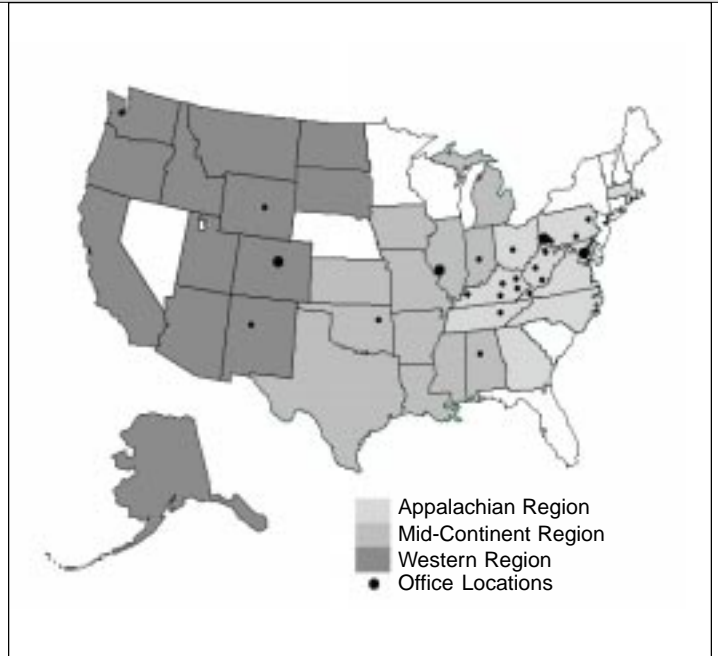
Office of Surface Mining  
Budget 1978-1997

The Department of the Interior and Related Agencies Appropriations Act of 1997 (Public Law 104-208) appropriated \$94,172,000 from the General Fund for the Office of Surface Mining's regulatory and enforcement activities.

The 1997 Regulation and Technology appropriation included the following provisions:

Where the Office of Surface Mining is the regulatory authority, proceeds of performance bonds forfeited under Section 509 of the Surface Mining Law

can be used to reclaim lands where the mine operator did not meet all the requirements of the Law and the permit. In 1997, performance bond forfeiture revenue received totaled \$19,900, which



Appalachian Region  
Mid-Continent Region  
Western Region  
● Office Locations

**TABLE 11  
APPROPRIATIONS\***

	1997	1996
<b>Regulation &amp; Technology</b>		
State Regulatory Grants	\$50,676,000	\$50,762,000
Regulatory Program Operations	13,660,000	16,087,000
Tech. Services, Training & Research	13,881,000	11,597,000
Assessments & Collections	4,786,000	5,735,000
General Administration:	11,169,000	11,289,000
Executive Direction	[1,711,000]	[1,729,000]
Administrative Support	[3,860,000]	[3,962,000]
General Services	[5,598,000]	[5,598,000]
Subtotal:	94,172,000	95,470,000
<b>Abandoned Mine Reclamation Fund</b>		
State Reclamation Grants	142,000,000	140,000,000
Fee Compliance	5,562,000	6,000,000
Reclamation Program Operations	23,145,000	23,000,000
Small Operator Assistance Program	1,500,000	0
General Administration:	4,878,000	4,887,000
Executive Direction	[689,000]	[699,000]
Administrative Support	[1,704,000]	[1,703,000]
General Services	[2,485,000]	[2,485,000]
Subtotal:	177,085,000	173,887,000
Transfer to United Mine Workers Fund	31,373,799	47,183,764
<b>Total</b>	<b>\$302,630,799</b>	<b>\$316,540,764</b>

\*The appropriation figures for both years include rescissions.

represents only one bond forfeiture.

Federal civil penalties and related interest collected under Section 518 of the Surface Mining Law can be used to reclaim coal mine lands abandoned after August 3, 1977. In 1997, a total of \$326,515 of civil penalties was collected. The Office of Surface Mining is only authorized to use the base penalty and interest of these collections, so \$265,722 was deposited into the Civil Penalty Fund for reclamation purposes. During 1997, \$512,860 from this fund was obligated for post-Surface Mining Law reclamation projects.

State regulatory program grants were funded at \$50,676,000, which was \$86,000 less than 1996. These grants are used to fund state regulatory program payroll and other operational costs.

In addition, \$177,085,000 was made available for obligation from the Abandoned Mine Reclamation Fund (\$3,198,000 more than 1996), and up to 20 percent of the funds recovered from delinquent debts was authorized for contracting the collection of other delinquent debts. In 1997, the Office of Surface Mining spent \$456,537 to collect \$3.6 million in delinquent Abandoned Mine Land fees and delinquent audit bills. The Abandoned Mine Land appropriation included the following provisions:

■ State reclamation grants were funded at \$142,000,000, which was \$2,000,000 more than 1996.

■ Federal emergency program expenditures were limited to \$11,000,000, which was the same amount appropriated in 1996.

■ 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. Information reporting tools are being utilized to provide access to accurate, up-to-the-minute financial and administrative management information. Automated payment tracking systems have been upgraded in the accounting system. Added improvements and initiatives during 1997 include:

A module to the accounting system was completed that allows data entry of purchases made using the (IMPAC) government charge card. The program is designed to reduce the paperwork and time involved in purchasing goods and services within the federal government. This computer system enables card holders to enter data directly into the accounting system at the time of purchase and to match these data automatically with invoice data from the vendor for payment processing. Next day payment will be made for all

matched items, thereby providing the opportunity to earn rebates from vendors, reduce Prompt Payment Act interest, and reduce the overall cost of goods and services provided to the agency. The system implementation date was October 1, 1997.

The Electronic Funds Transfer provisions of the Debt Collection Improvement Act of 1996 were aggressively pursued. Electronic Funds Transfer payments to vendors increased from 25 percent in the first quarter to 54 percent at the end of the year, and payments to travelers and states increased from 78 percent in the first quarter to 89 percent at the end of the year. During 1997, 98 percent of all dollars paid by the Office of Surface Mining were paid by electronic transfer.

The Office of Surface Mining's partnership with two other Department of the Interior bureaus allowed the sharing and development of computer resources, including: 1) a budget module interface with the General Ledger and Allotment Ledger that updates all systems when qualifying receipt/budget entries are



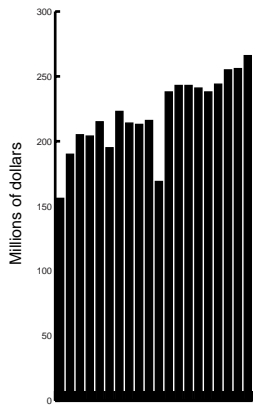
We visit reclaimed mine sites after bond release to see effective postmining land uses



entered, and 2) the consolidation of computer software into one location.

Work was also started to implement the Department of the Treasury's standard general ledger, and the Department of the Interior's budget object classifications. These two initiatives will help standardize government-wide reporting and make it easier to consolidate and compare financial reports. The projects will be completed in the first quarter of fiscal year 1998.

## Abandoned Mine Land Fund Management



Fund Collections  
1978-1997

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 mining operations. The fees are deposited in the Abandoned Mine Reclamation Fund, which is used to pay the 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, 1997, the fund

collections totaled \$4,757,546,438. For the same period Fund appropriations totaled \$3,535,027,128.

Expenditures from the fund are made through the regular budgetary and appropriation process. The Surface Mining Law specifies that 50 percent of the reclamation fees collected in each state with an approved reclamation program, or within Indian lands where the tribe has an approved reclamation program, are to be allocated to that state or tribe. 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 additional projects directly through state reclamation programs, and to pay collection, 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 12 shows collections and funding by states.

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 102-486) 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 unappropriated abandoned mine land funds. By law, the Office of Surface Mining is restricted to





# 1997 Annual Report

**TABLE 12  
ABANDONED MINE LAND FEE COLLECTIONS AND FUNDING  
1997**

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	\$4,851,677	\$1,975,950	\$1,499,331	\$300,000	\$3,775,281
Alaska	488,718	161,371	1,338,629	25,000	1,525,000
Arkansas	4,965	0	1,500,000	13,000	1,513,000
Colorado	5,963,323	1,465,692	730,697	0	2,196,389
Illinois	7,943,781	2,995,766	5,554,491	588,970	9,139,227
Indiana	10,411,785	3,178,937	1,808,368	247,998	5,235,303
Iowa	(1,498)	8,578	1,491,422	0	1,500,000
Kansas	119,335	46,360	1,453,640	450,000	1,950,000
Kentucky	34,667,136	10,726,006	5,443,753	0	16,169,759
Louisiana	347,709	94,703	0	0	94,703
Maryland	780,778	315,490	1,184,510	0	1,500,000
Missouri	240,766	152,216	1,347,784	0	1,500,000
Montana	11,567,223	3,542,623	0	125,000	3,667,623
New Mexico	5,435,569	1,360,695	177,642	0	1,538,337
North Dakota	2,943,505	905,112	594,888	50,000	1,550,000
Ohio	6,776,572	2,830,472	3,404,974	2,240,000	8,475,446
Oklahoma	513,080	188,766	1,311,234	0	1,500,000
Pennsylvania	13,774,589	4,661,876	17,954,870	0	22,616,746
Tennessee	867,468	0	0	0	0
Texas	5,410,906	1,568,195	0	0	1,568,195
Utah	4,042,767	995,928	504,072	0	1,500,000
Virginia	7,345,660	2,594,372	1,670,858	500,000	4,765,230
Washington	1,409,330	0	0	0	0
West Virginia <sup>2</sup>	37,031,480	10,482,615	10,319,037	1,704,032	22,505,684
Wyoming	93,924,310	22,020,872	0	0	22,020,872
Crow Tribe	1,944,478	463,527	0	0	463,527
Hopi Tribe	1,201,646	430,504	0	0	430,504
Navajo Tribe	6,776,799	2,974,174	0	0	2,974,174
<b>Total</b>	<b>\$266,783,857</b>	<b>\$76,140,800</b>	<b>\$59,290,200</b>	<b>\$6,244,000</b>	<b>\$141,675,000</b>

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 formulas and parameters provided annually by the Assistant Director, Program Support. Emergency distribution amounts are based on estimates provided by the states and approved by the Deputy Director.

2. The state of West Virginia received an additional \$3,733,543 from an account that was recovered from prior years and carried forward for future emergency needs. West Virginia's total emergency funding is \$5,437,575.

In 1996, \$47.2 million was transferred and in 1997, \$31.4 million was transferred. These transfers are used to pay the estimated health benefit costs for certain coal miners and their beneficiaries paid by the Fund. Once all benefits have been paid, the advance is adjusted to reflect the actual expense of the beneficiaries health care. These adjustments either increase or decrease future advances. The adjustment process is a two-year process during which time the transferred funds are not available to the Abandoned Mine Land Fund for investment.

The Surface Mining Law also requires the Office of Surface Mining to ensure active coal operators fully comply with the fee provisions. Accordingly, the primary goal in this area is to achieve a high rate of compliance. In 1997, the compliance rate for tonnage reporting and fee payment was 99 percent, which resulted in more than \$267 million in revenue for the Fund. To achieve this rate of success, it is necessary for the Office of Surface Mining to

- track all mines that have the potential of producing coal,
- provide coal mine operators with the information and assistance needed to comply, and
- Conduct a comprehensive audit program.

During 1997, Office of Surface Mining auditors conducted 350 on-site fee compliance audits of coal companies, and identified 5.5 million under-reported or non-reported tons on which fees had not been paid. When such instances of non-compliance are found, the auditors explain each issue and how similar occurrences can be avoided in the future. The high compliance rate can be attributed to this cooperative approach and the overall efficiency of the audit and collection program. Most important, the compliance increased collections by over \$10 million from 1996-1997.

A 1997 Office of Inspector General report on the Office of Surface Mining's fee compliance program, including both the fee collection and audit functions, concluded that the activities were conducted in a highly efficient and effective manner and in accordance with the Surface Mining Law. Those conclusions reflect the Office of Surface Mining's emphasis on the best possible execution of this vital program that provides the funding for state, tribal, and federal Abandoned Mine Land reclamation throughout the country.

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 1997 were \$89.4 million. The average interest earned during the year was 5.03 percent. At the end of the year, the Office of Surface Mining had more than \$1.5 billion invested in Treasury securities. The Energy Policy Act of 1992 (Public Law 102-486) stipulated that investment earnings would be available annually for transfer to the United Mine Workers of America Combined Benefit Fund beginning in 1996.

**Delinquent Debt Management**

When unpaid reclamation fees are identified, or civil penalties are assessed for mine site violations, the Office of Surface Mining takes appropriate collection actions. Delinquent debt information is retained in the Applicant Violator System to prevent new mining permits from being issued until the accounts are resolved. When necessary, and after all of the agency debt collection avenues have been exhausted, delinquent accounts are referred to the Department of Treasury for additional collection efforts, or to the Department of the Interior's Solicitor's Office for appropriate legal action or bankruptcy proceedings. The Office of Surface Mining has made substantial improvements over the management of civil penalty and Abandoned Mine Land fee delinquent debt by reducing the year-end balance by \$24.4 million over the amount reported last year. Of the \$44.7 million 1997 year-end debt balance, \$22.5 million (51 percent) is principal. The remainder represents interest, late payment penalties, and administrative charges on unpaid balances. The Office of Surface Mining has referred \$38.2 million of this amount to the Office of Solicitor for legal actions, \$8.1million under bankruptcies and \$30.1million for litigation. Another \$532,000 has been referred to the Department of Justice for legal action and the remaining \$4.1 million is being pursued internally by the collection staff. Table 13 shows 1997 collections and year-end debt balances.

**TABLE 13  
COLLECTION MANAGEMENT  
1997**

Category	Amount Collected	Balance Owed
AML Fees	\$267,727,897	\$23,928,689
Civil Penalties	326,515	20,365,154
Administrative	829,255	448,163
Total	\$268,883,667	\$44,742,006

**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). The 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 seven consecutive unqualified ("clean") audit opinions from the Inspector General. The 1997 opinion is on page 60 of this report.

**Information Technology**

A telecommunications network maintained by the Office of Surface Mining is essential for both internal and external communication. In 1997, the Wide Area Network was expanded to upgrade internal telecommunications and provide necessary support to accommodate the increased volume of electronic permitting.

**Human Resources Management**

1997 brought changes to personnel servicing. Two of the three personnel offices were closed and all personnel services for the Office of Surface Mining were consolidated in Washington, D.C. The implementation plan allowed for interim servicing in each office until complete consolidation of personnel was accomplished in September. Staff in the personnel offices which were closed were placed in other positions in the same geographical location with no adverse impact, or were selected for other jobs.



We field check citizen complaints

The year ended with fewer full-time permanent employees than when it began (from 637 to 620 employees). Overall, seven increases were overcome by 24 decreases as follows: Headquarters decreased by 12; the coordinating centers by 11; and the field offices showed one decrease and seven increases.

An amendment to the Memorandum of Agreement signed in 1996 to provide personnel operational and policy services to the Bureau of Indian Affairs (BIA) was signed. This amendment changed two term positions to permanent and put the Agreement on a Fiscal Year renewal basis.

The Office of Surface Mining tested implementation and successfully converted to the Federal Personnel Payroll System (FPPS) during the fiscal year. With few exceptions, conversion went smoothly. This system is a completely integrated, on-line, personnel and payroll database system that will provide clients with enhanced functional capability, immediate on-line processing for all personnel and payroll-related actions, and easier access to data.

The Office of Surface Mining continues to advance in automation. Equipment for the pilot project to automate each employee's Official Personnel Folder has been installed and a contract let for imaging the data. This project is designed to streamline operations and will improve nation-wide services to employees by providing direct on-line access to their personnel files or those of the employees they supervise.

## Monitoring Potential Conflicts of Interests

Sections 201(f) and 517(g) of the Surface Mining Law 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, 649 Office of Surface Mining, 887 other federal, and 1,633 state employees filed financial disclosure statements. Three violations were identified and resolved.

## Labor-Management Partnership

The Office of Surface Mining maintains two labor-management partnerships, created in response to Executive Order 12871. The first was established in 1994 at Washington, D.C., headquarters with the National Federation of Federal Employees, Local 1993. Since June 1995, Local 2148 of the National Federation of Federal Employees and the Albuquerque Field Office have also maintained a Labor-Management Partnership.

There are three other exclusive recognitions in the Office of Surface Mining, although partnerships have not yet been established. They are located at the Casper Field Office (Wyoming); Lexington Field Office (Kentucky); and Division of Compliance Management-Region II (Lexington, Kentucky).

The Office of Surface Mining, under a Memorandum of Agreement with the Bureau of Indian Affairs, continues to provide labor relations support throughout the Bureau of Indian Affairs.



We monitor groundwater changes

## Equal Opportunity

During 1997 the Office of Surface Mining initiated an Affirmative Employment/Special Emphasis targeted recruitment plan. This plan identified barriers and recommended actions for improvement. Since September 30, 1996, the Office of Surface Mining had 29 accessions of which 20 were minorities and women. In addition, minorities and women received 32 of the 48 promotions.

The Office of Surface Mining's Outreach Initiatives with Minority Higher Education Institutions included four Diversity Interns, one Student Career Experience student, eight Student Temporary Employment Program students, one Presidential Management Intern, and one student from the Federal Recruitment for Students with Disabilities.

In addition, the Office of Surface Mining entered into a Cooperative Agreement with New Mexico State University to assist with Electronic Permitting. This should increase the number of minorities trained in this field seeking employment with the Office of Surface Mining. In addition, an agreement with the Navajo Community College in Shiprock, Arizona, was initiated to assist with curriculum development, and provided resources to Howard University's Geographic Information System Program. Through these activities the Office of Surface Mining is developing diverse pools of students in occupational fields needed to implement the Surface Mining Law.

During 1997, a full-time Counselor/Mediator was appointed to resolve disputes at the earliest possible stages and to lessen compensatory damages claims. This Counselor/Mediator conducts the majority of counseling sessions throughout the Office of Surface Mining, serves as Class Complaint Counselor, offers technical assistance to Equal Opportunity Counselors in the Regional Coordinating Centers, and attempts to resolve disputes prior to employees seeking Equal Opportunity counseling.

The Office of Surface Mining had 18 new formal complaints filed during 1997, a decrease of four complaints over the previous year. Complaint processing costs during 1997 totaled \$ 47,478. This figure includes contract investigations, settlements, and attorney fees.

The Interior Department decentralized its Civil Rights Program and delegated the administrative responsibility to the bureaus. As part of the implementation, the Office of Surface Mining held a two-day Civil Rights Training Seminar in Washington, D.C. Attendees included representatives from the Grants Program and Equal Opportunity Offices in Headquarters and Regional Coordinating Centers. Representatives from the Solicitor's Office and the Department of Justice also participated in the training, which provided participants a basic overview of the Civil Rights Program requirements.

To assure that Office of Surface Mining programs and facilities are in compliance with regulations governing Accessibility for Persons with Disabilities, a three-year plan was developed to conduct on-site reviews of all programs and facilities in Headquarters and field locations. The reviews began during 1997 and are scheduled to be completed in 1999. The Accessibility Data Management System (ADMS) is being used as a tracking tool for these reviews.

Also during 1997, an Environmental Justice team arranged to have a public service announcement that warns of the dangers associated with abandoned mine land hazards translated into languages other than English. Videos in Spanish and Navajo were sent to various broadcast stations in the southwestern states serving Navajo and Spanish language populations.



## Government Performance and Results Act

To meet the objectives of the Government Performance and Results Act (GPRA), the Office of Surface Mining Reclamation and Enforcement began its strategic planning as an integral part of agency restructuring in 1994. Through a series of comprehensive customer and stakeholder outreach efforts as part of its Management Guidance Plan, the Office of Surface Mining reevaluated all aspects of its mission. From those aims came two primary goals:

**Goal 1.** Aggressively pursue the reclamation of abandoned mine lands; and

**Goal 2.** Prevent environmental problems in the coal fields.

Concurrently two collateral goals were developed which support the two primary goals, and a third organizational goal describing human resource and diversity commitments:

**Goal 3.** Strengthen the capabilities of States, Tribes, and Office of Surface Mining staff to enforce Surface Mining Law effectively through quality technical and scientific information, expertise, and training.

**Goal 4.** Maintain the financial integrity of the Surface Mining Law by properly and promptly accounting for grant funds and all revenues collected; maximize compliance with Abandoned Mine Land reclamation fee provisions; provide grant financial services and accounting to the States and Tribes; and maximize collections through fair and consistent policies and procedures.

**Goal 5.** Enhance the Human Resource Program through a diverse, highly qualified, well-trained, motivated and informed workforce that supports the mission of the Office of Surface Mining.

Strategic initiatives were then developed to achieve each of the five goals. These strategic initiatives are referred to as core business lines. They are: (1) Environmental Restoration; (2) Environmental Protection; (3) Technology Development and Transfer; and (4) Financial Management. [An additional business line is used for budgetary purposes, and is referred to as (5) Executive Direction and Administration].

For 1997, the Office of Surface Mining developed a new budget structure that was submitted to and coordinated with the Department of the Interior, the Office of Management and Budget, and the appropriate Congressional Committees.

The new structure, which is based on business lines, more completely reflects the way the Office of Surface Mining does business in carrying out its mission and meeting its goals. This structure links budgetary resource requests to core business lines and supporting program activities. This allows the Office of Surface Mining to communicate its resource requests in a way that the public can better understand while continuing to meet Congressional requirements. The new budget structure was well received and subsequently, the 1998 budget request, was solely based on the business line structure. The Office of Surface Mining then allocates funds internally for its operating budget within each business line.

With general goals and business lines established, performance



We audit company coal production records

measures were developed that will enable the agency to evaluate whether the desired outputs and outcomes are being achieved. The Office of Surface Mining provided Congress with initial draft versions of the plan, and conducted several briefings before key House and Senate committee and Members' staffs. An activity-based accounting system was instituted to: (1) determine better the resource expenses associated with each program activity, (2) provide a mechanism for linking costs to performance outputs, and (3) enhance the Office of Surface Mining's management decision-making process. The system is already beginning to assist in measuring the quality and effectiveness of the programs, and fosters more efficient resource allocation.

# 1997 Annual Report

The following is a summary of the Office of Surface Mining's strategic goals, business lines, indicators, and measures for the plan.

## *Goal*

### **Aggressively pursue the reclamation of Abandoned Mine Lands**

#### *Business line*

#### **Environmental Restoration**

##### *Indicator/Measure*

- Increase the rate of reclaimed/funded sites to total AML inventory sites to 55 percent by the year 2002
- Reclaim 40,000 acres by 2002
- Abate emergency hazards, in accordance with OSM policy, through the year 2002
- Increase the number of cooperative Acid Mine Drainage projects by 50 percent through the year 2002

- Increase the ratio of Office of Surface Mining funds to non-Office of Surface Mining funds on Acid Mine Drainage projects to 1:2
- Award grants and funds within 60 days of receipt of a complete application and process in accordance with Office of Surface Mining's customer service standards and established policies and procedures.

## *Goal*

### **Prevent hazards and environmental problems in coal fields**

#### *Business Line*

#### **Environmental Protection**

##### *Indicator/Measure*

- Minimize the number and severity of off-site impacts





# Office of Surface Mining

- Report the number of acres that meet the criteria from Phase I & II Performance Bond release
- Maintain the number of acres that meet the criteria of Phase III Performance Bond release, under the Surface Mining Program, at 250,000 acres through 2002
- Award grants and funds within 60 days of receipt of a complete application and process in accordance with the Office of Surface Mining's customer service standards and established policies and procedures.

## *Goal*

**Strengthen the capabilities of States, Tribes and Office of Surface Mining staff to enforce the Surface Mining Law effectively through the provision of quality technical and scientific information, expertise and training.**

## *Business Line*

### **Technology Development and Transfer**

#### *Indicator/Measure*

- Attain 90 percent customer satisfaction rate for technical training and TIPS (measures to be developed in the following activities):
  - Customer service for assistance
  - Customer service for information and technology transfer
- Train an additional 4,500 students through 2002 and evaluate effectiveness

- Provide timely (permit and non-emergency Abandoned Mine Lands contract recommendations provided within 72 hours and emergency Abandoned Mine Lands contract recommendations within four hours) Applicant Violator System recommendations to regulatory authorities and other agencies using the Applicant Violator System in making permitting and contracting decisions.

## *Goal*

**Maintain the financial integrity of Surface Mining Law by properly and promptly accounting for grant funds and all revenues collected; maximize compliance with Abandoned Mine Lands reclamation fee provisions; provide grant financial services and accounting to the states and Tribes; and maximize collections through fair and consistent policies and procedures.**

## *Business Line*

### **Financial Management**

#### *Indicator/Measure*

- Office of Inspector General audit opinion on Office of Surface Mining financial statements
- Maintain 90+ percent Abandoned Mine Lands Fee Compliance rate by measuring:
  - Percent of respondent permittees (number of permits reported divided by number permits mailed)
  - Percent of audited tons reported (accurately reported tons identified in audits divided by total tons audited)





- Process grant payments within one day, 95 percent of the time, by measuring the total days to process requests compared to number of requests received.

## *Goal*

**Enhance the Human Resource Program through a diverse, highly qualified, well-trained, motivated and informed workforce that supports the mission of the Office of Surface Mining.**

## *Business Line*

**Executive Direction and Administration, Environmental Restoration, Environmental Protection, Technology Development, and Financial Management**

## *Indicator/Measure*

- By 2002, the Office of Surface Mining will improve the skills and abilities of all employees through better communication by providing state-of-the-art information technology tools, training, and access
- Office of Surface Mining will utilize the strategies contained in the targeted recruitment plan to reduce the level of under-representation in "special interest" occupations.

## **20th Anniversary Citizens Awards**

Citizen participation is at the heart of the surface mining program. The Surface Mining Law would not have come into being without the sustained efforts of coalfield citizens crusading to end environmental abuses of the past and shift the country to new ways of mining coal with built-in safeguards for people and the environment.

During the 20th Anniversary recognition of the Surface Mining Law, the Office of Surface Mining presented awards to recognize outstanding contributions by coalfield citizens and grassroots organizations. These people have made a difference in the implementation of the Surface Mining Law. Winners of the 20th Anniversary Citizens Awards are:

### ***Lifetime Achievement Award:***

L. Thomas Galloway

### ***Regional Awards:***

Mid-Continent Region, Shirley Zell

Western Region, Northern Plains Resource Council (NPRC)

### ***Partnership Awards:***

Science and Technology, The Virginia Nature Conservancy  
Community Involvement, Hazel King  
Community Involvement, Doris E. Haws  
Resource Protection, Dr. Roy DeMotte  
Education, Blacklick Creek Watershed Association  
Public Participation, Loyalhanna Watershed Association  
Public Participation, West Virginia Highlands Conservancy  
Communication, George E. Fraley  
Grassroots Organization, Emery County Public Lands Council.

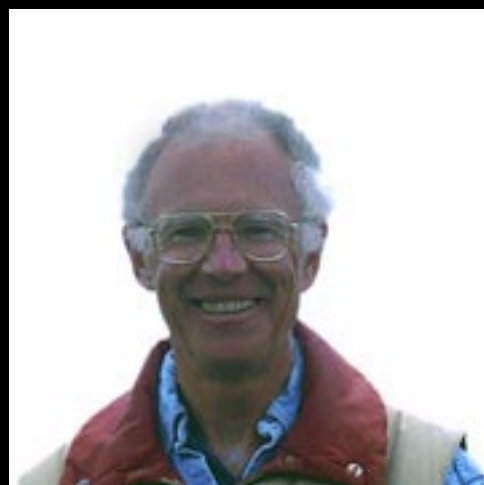


### ***We ensure accuracy of financial payments***

Shirley Sellke is the certified disbursing officer with the Financial Management office in Denver, Colorado. Her primary responsibility includes verifying that payments made by the Office of Surface Mining are legal, proper, and correct. She also audits and reviews payments requiring research of regulatory directives to determine the legality of claims, and provides written procedures and training for staff members who audit vouchers.

Shirley was with the Minerals Management Service before joining the Office of Surface Mining in 1988. Since that time she has processed payments and in 1990 became the relocation coordinator.

In her spare time Shirley and her husband, Warren, enjoy camping, hiking, gardening, and studying American history. They take their six grandchildren camping...but, not all at the same time!



### ***We communicate***

Chuck Meyers is a Public Affairs Specialist in the Washington D.C., Headquarters Office, where he provides help to citizens looking for information and develops Office of Surface Mining flyers and publications. Recently his activities have focused on the electronic distribution of information to reach a broader audience and reduce costs.

Chuck holds degrees in Agriculture, Landscape Architecture, and Regional Planning and has been with the Office of Surface Mining since 1978. He wrote many of the original Title V regulations, headed the Title III Technical Information Center before it was transferred to the Bureau of Mines, and developed the Annual Reclamation Awards Program. He is the Office of Surface Mining Webmaster for the Internet site ([www.osmre.gov](http://www.osmre.gov)), developed the 20-year Anniversary Publication, and is the author of this Annual Report.

On weekends Chuck drives a Lotus race car.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS OF SEPTEMBER 30,

(dollars in thousands)

1997

1996

### ASSETS

#### Entity Assets:

##### Intragovernmental:

Fund Balance with Treasury (Note 2)	\$ 51,634	\$ 56,240
Cash (Imprest)	2	9
Investments (Note 3)	1,525,363	1,400,574
Accounts Receivable, Net (Note 4A)	82	2
Interest Receivable, Net (Note 4A)	8,488	12,146

##### With the Public:

Accounts Receivable, Net (Note 4B)	2,317	9,121
Interest Receivable, Net (Note 4B)	1,009	5,123
Advances and Prepayments	32	42
Physical Assets (Note 5)	5,549	5,394

Total Entity Assets (Note 19)	1,594,476	1,488,651
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#### Non-Entity Assets:

##### With the Public:

Interest Receivable, Net (Note 4C)	1,526	54
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Total Non-Entity Assets	1,526	54
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<b>Total Assets</b>	<b>1,596,002</b>	<b>1,488,705</b>
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### LIABILITIES

#### Liabilities Covered by Budgetary Resources:

##### Intragovernmental:

Accounts Payable	186	453
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##### With the Public:

Accounts Payable	6,445	9,617
Accrued Payroll and Benefits	1,944	1,775

Total Liabilities Covered by Budgetary Resources	8,575	11,845
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#### Liabilities Not Covered by Budgetary Resources:

##### Intragovernmental:

Accounts Payable	1,526	54
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##### With the Public:

Accounts Payable	4,457	4,444
Amounts Held for Others (Note 6)	1,616	1,506
Other Liabilities (Note 18)	90,200	0

Total Liabilities Not Covered by Budgetary Resources	97,799	6,004
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<b>Total Liabilities</b>	<b>106,374</b>	<b>17,849</b>
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### NET POSITION

Unexpended Appropriations (Note 7 & 8)	345,597	361,296
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Cumulative Results of Operations (Note 7)	1,144,031	1,109,560
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<b>Total Net Position (Note 8)</b>	<b>1,489,628</b>	<b>1,470,856</b>
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<b>Total Liabilities and Net Position</b>	<b>\$ 1,596,002</b>	<b>\$ 1,488,705</b>
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The accompanying footnotes are an integral part of these statements.

**CONSOLIDATED STATEMENT OF NET COST**  
**FOR THE YEAR ENDED SEPTEMBER 30,**  
(dollars In thousands)

1997

1996

**Costs**

Reclamation Programs		
Intragovernmental (Note 10)	\$ 6,385	\$ 7,884
With the Public	214,434	207,850
Total Costs	220,819	215,734
Less Earned Revenue		
Intragovernmental	(131)	(39)
With the Public	(75)	(61)
Total Program Earned Revenue (Note 11)	(206)	(100)
<b>Net Program Costs (Note 9)</b>	<b>220,613</b>	<b>215,634</b>
Regulation and Technology		
Intragovernmental (Note 10)	882	1,528
With the Public	93,091	92,800
Total Costs	93,973	94,328
Less Earned Revenue		
Intragovernmental	(1,293)	(391)
With the Public	(747)	(1,188)
Total Program Earned Revenue (Note 11)	(2,040)	(1,579)
<b>Net Program Costs (Note 9)</b>	<b>91,933</b>	<b>92,749</b>
Costs not Allocated to Programs		
Depreciation Expense	912	896
Future Funding Requirements (Note 12)	12	(500)
Retirement and Post-Employment Benefits (Note 20)	4,266	0
Miscellaneous Bad Debt Expense	(6,341)	2,463
<b>Total Unallocated Costs</b>	<b>(1,151)</b>	<b>2,859</b>
Less: Other Earned Revenue	(665)	(2,236)
<b>NET COST OF OPERATIONS (Note 9)</b>	<b>\$ 310,730</b>	<b>\$ 309,006</b>



**CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30,**  
(dollars in thousands)

**1997**

**1996**

<b>Net Cost of Operations</b>	<b>\$ 310,730</b>	<b>\$ 309,006</b>
<b>Financing Sources:</b>		
Appropriations Used	<b>313,615</b>	309,196
AML Interest, Non-Federal	<b>1,555</b>	799
Investment Interest Earned, Federal	<b>77,347</b>	70,689
Revenue from Fees Assessed	<b>274,453</b>	257,447
Other Revenues and Financing Sources (Note 13)	<b>(7,289)</b>	(2,226)
Imputed Financing Sources (Note 20)	<b>4,266</b>	0
Less Appropriated Revenues	<b>(208,745)</b>	(221,071)
Less Financing Sources Transferred-Out	<b>(1,704)</b>	(82)
Net Results of Operations	<b>142,768</b>	105,746
Invested Capital - Adjustments and Other Changes (Note 14)	<b>18</b>	(41)
Prior Period Adjustments (Note 15)	<b>(108,316)</b>	2,280
<b>Net Change in Cumulative Results of Operations</b>	<b>34,470</b>	107,985
Change in Unexpended Appropriations (Note 16)	<b>(15,698)</b>	4,335
<b>Change in Net Position</b>	<b>18,772</b>	112,320
Net Position-Beginning of Period	<b>1,470,856</b>	1,358,536
Net Position-End of Period (Note 8)	<b>\$ 1,489,628</b>	\$ 1,470,856

44

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.

**CONSOLIDATED STATEMENT OF BUDGETARY RESOURCES**  
**FOR THE YEAR ENDED SEPTEMBER 30,**  
(dollars in thousands)

**1997**

**1996**

**Budgetary Resources Made Available:**

Budget Authority	<b>\$ 302,896</b>	\$ 316,748
Appropriations Available for Investment but not Obligation (Note 19)	<b>1,221,681</b>	1,082,350
Unobligated Balances Available: (Note 17)		
Beginning of Period (includes expired)	<b>69,043</b>	62,449
Reimbursements and Other Income	<b>2,145</b>	2,187
Adjustments	<b>43,540</b>	47,482
<b>Total Budgetary Resources Made Available</b>	<b>1,639,305</b>	1,511,216

**Status of Budgetary Resources:**

Obligations Incurred, Gross	<b>356,918</b>	359,823
Unobligated Balances Available - End of Period (Note 8)	<b>46,209</b>	52,896
Available for Investment but not Obligation (Note 19)	<b>1,221,681</b>	1,082,350
Unobligated Balances not Available - End of Period (Note 8)	<b>14,497</b>	16,147
<b>Total Status of Budgetary Resources</b>	<b>1,639,305</b>	1,511,216

**Outlays:**

Obligations Incurred, Net	<b>306,233</b>	306,937
Obligated Balance - Beginning of Period	<b>303,924</b>	306,543
Less Obligated Balance - End of Period	<b>(293,270)</b>	(303,924)
<b>Total Outlays</b>	<b>\$ 316,887</b>	\$ 309,556

# Notes to Consolidated Financial Statements

For the Fiscal Years (FY) ending September 30, 1997 and 1996

## 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). These statements reflect the accounting principles, standards, and requirements recommended by the Federal Accounting Standards Advisory Board and approved by the Comptroller General of the United States, the Director of the Office of Management and Budget and the Secretary of the Treasury.
- Form and content requirements for financial statements, as presented in OMB Bulletin No. 97-01 (Form and Content of Agency Financial Statements).
- The accounting principles and standards contained in departmental and bureau accounting policy and procedures manuals, and/or related guidance.
- Statements of Federal Financial Accounting Concepts (SFFAC). These concepts are not authoritative, per se, and do not have required implementation dates. However, they do contain very useful guidance regarding the completeness of the entity and the presentation of financial information.

### 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:

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



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

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

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

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

**Receipt Funds**-- The Office of Surface Mining's financial statements include: (1) miscellaneous judicial service fees, (2) fines, (3) administrative fees, (4) miscellaneous receipts, (5) interest, and (6) unclaimed monies which are credited annually to the 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.

### 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 Special 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

Beginning in Fiscal Year 1996, OSM has annually transferred a portion of the interest it has earned through investment of the AML Fund's unexpended balance to the United Mine Workers of America Combined Benefit Fund (UMWACBF). These AML interest proceeds are made available to provide health benefits for certain eligible retired coal miners and their dependents. The transfer for Fiscal Year 1997 was \$31,373,799.24. Adjustments will be made to both the 1996 and 1997 transfers in the amount of \$10,721,401.26 downward and \$7,034,259.26 upward, respectively, in Fiscal Year 1998 per SMCRA.

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, employee retirement, and post-employment benefit programs. Employee retirement and post-employment benefit costs, along with an imputed financing source for these costs, are included in OSM's financial statements. Please see Note 20 for the breakdown of these assigned costs. Public debt activities that are performed for the benefit of the government as a whole are not included in these financial statements.

#### **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, which was revised effective the fourth quarter of Fiscal Year 1992, is used for Special and Civil Penalty Funds 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 account 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, both Regulation and 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; and 3) emergency program distribution. The state-share portion is based on the percentage of each state's balance in the AML Special 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 Special 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 Special Fund balances, both available and unavailable. Cash receipts and disbursements are processed by Treasury. OSM reconciles its records with those of the Treasury on a monthly basis. Note 2 provides additional information on Special 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 or will be paid annually to the United Mine Workers of America 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 has a liability for unused annual leave which is considered unfunded. Sick leave and other types of non-vested leave are expensed as used.

Office of Workers' 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, could elect to either join FERS and Social Security or remain in CSRS.

OSM employees contribute seven percent of their gross pay to CSRS. OSM makes matching 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 up to 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 financial statements also reflect CSRS or FERS accumulated plan benefits and unfunded retirement liabilities, if any. These figures are calculated and provided to OSM by the Office of Personnel Management. Please see Note 20 for a further breakdown of these retirement and post-employment benefit costs.

#### 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 represents the right of OSM to draw on the Treasury for allowable expenditures. The Fund Balance with Treasury represents 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)

	Reclamation Programs	Regulation & Technology	Other	1997 Total	1996 Total
Available	\$ 305,231	\$ 34,244	\$ 0	\$ 339,475	\$ 356,956
Restricted	1,221,681	14,498	1,343	1,237,522	1,099,858
Subtotal Fund Balance	1,526,912	48,742	1,343	1,576,997	1,456,814
Less Invested Balance (See Note 3)	(1,525,363)	0	0	(1,525,363)	(1,400,574)
Total Fund Balance	\$ 1,549	\$ 48,742	\$ 1,343	\$ 51,634	\$ 56,240

### Note 3. Investments:

Effective October 1, 1991, OSM was given authority to invest the balance of the AML Special Fund 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 Special Fund equity. However, with the enactment of Public Law 102-486 on October 24, 1992, and effective with FY 1996, OSM is required to transfer annually up to \$70 million of interest earned from the invested AML Special Fund to the United Mine Workers of America Combined Benefit Fund (UMWACBF). These AML interest proceeds are made 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 4.

#### Investments - Treasury Bills (dollars in thousands)

	Reclamation Programs	Regulation & Technology	Other	1997 Total	1996 Total
Face Value	\$ 1,554,515	\$ 0	\$ 0	\$ 1,554,515	\$ 1,426,350
Unamortized Discount	(29,152)	0	0	(29,152)	(25,776)
Net Investments	\$ 1,525,363	\$ 0	\$ 0	\$ 1,525,363	\$ 1,400,574



**Note 4. Accounts Receivable:**

<b>A. Intragovernmental Receivables</b>					
<b>Entity (OSM) Assets</b>					
(dollars in thousands)					
	Reclamation Programs	Regulation & Technology	Other	1997 Total	1996 Total
U.S. Postal Service	\$ 50	\$ 0	\$ 0	\$ 50	\$ 0
Department of the Interior	0	28	0	28	0
Environmental Protection Agency	0	0	0	0	1
General Services Administration	4	0	0	4	1
Treasury	8,488	0	0	8,488	12,146
<b>Net Intragovernmental Receivables</b>	<b>\$ 8,542</b>	<b>\$ 28</b>	<b>\$ 0</b>	<b>\$ 8,570</b>	<b>\$ 12,148</b>

Note: There is no Allowance for Uncollectible Amounts recorded for receivables with other government agencies. All intragovernmental receivables are either collected or reclassified at a later date.

<b>B. Receivables with the Public</b>							
<b>Entity (OSM) Assets</b>							
(dollars in thousands)							
	Gross A/R	Allowance for Uncollectible Accounts			Ending Balance	1997 Net A/R	1996 Net A/R
		Beginning Balance	Additions	Reductions			
<b>Accounts Receivable:</b>							
Reclamation Programs	\$ 22,510	\$ 28,569	\$ 1,814	(\$ 10,165)	\$ 20,218	\$ 2,292	\$ 9,058
Regulation & Technology	25	0	0	0	0	25	63
Subtotal:	22,535	28,569	1,814	(10,165)	20,218	2,317	9,121
<b>Interest Receivable:</b>							
Reclamation Programs	20,237	17,820	10,315	(8,907)	19,228	1,009	5,123
Regulation & Technology	0	0	0	0	0	0	0
Subtotal:	20,237	17,820	10,315	(8,907)	19,228	1,009	5,123
<b>Total Receivables</b>	<b>\$ 42,772</b>	<b>\$ 46,389</b>	<b>\$ 12,129</b>	<b>(\$ 19,072)</b>	<b>\$ 39,446</b>	<b>\$ 3,326</b>	<b>\$ 14,244</b>

Reclamation receivables will, upon collection, increase the state and federal share set-aside balances discussed in footnote 1D3.

Note: Receivables decreased dramatically in 1997 due to the elimination of receivables based on a reversal of coal weight determination effective June 23, 1997.

*Method of Determining Allowance for Uncollectible Accounts:* Determination of the allowance of uncollectible accounts is accomplished by first aging the accounts receivable and collections on those receivables. The amount of receivable collections in each aging category is then divided by the total of both the receivables and collections in that category. This percentage represents the amount of receivables that are deemed collectible. Thus, the inverse of this percentage becomes the amount of receivables deemed to be uncollectible. For example, if 75 percent of receivables is deemed collectible, an allowance for uncollectible accounts would reflect 25 percent of the total receivables balance.

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 intragovernmental payable is established at the same time the receivable is established.

<b>Receivables with the Public</b>							
<b>Non-Entity (OSM) Assets</b>							
(dollars in thousands)							
	Gross A/R	Allowance for Uncollectible Accounts			Ending Balance	1997 Net A/R	1996 Net A/R
		Beginning Balance	Additions	Reductions			
<b>Interest Receivable:</b>							
Civil Penalty Other	\$ 1,925	\$ 8,509	\$ 0	(\$ 8,065)	\$ 444	\$ 1,481	\$ 32
Administrative Other	45	0	0	0	0	45	22
<b>Total Receivables</b>	<b>\$ 1,970</b>	<b>\$ 8,509</b>	<b>\$ 0</b>	<b>(\$ 8,065)</b>	<b>\$ 444</b>	<b>\$ 1,526</b>	<b>\$ 54</b>

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.

Please see Footnote 4B for explanation of determination of uncollectible accounts.

## 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" in the business segment.

### Physical Assets (dollars in thousands)

	Service Life	Acquisition Value	Accumulated Depreciation	FY 1997 Book Value	FY 1996 Book Value
ADP Equipment	15	\$ 5,714	(\$ 2,180)	\$ 3,534	\$ 3,425
Office Equipment	11-20	1,584	(532)	1,052	1,032
Vehicles	6-10	2,867	(1,904)	963	937
<b>Total Physical Assets</b>		<b>\$ 10,165</b>	<b>(\$ 4,616)</b>	<b>\$ 5,549</b>	<b>\$ 5,394</b>

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 has 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; (6) Overpayments - excess AML fee payments due to be refunded or returned to Treasury.

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

	Reclamation Programs	Regulation & Technology	Other	1997 Total	1996 Total
Reimbursable Advance	\$241	\$0	\$930	\$1,171	\$ 960
Other Escrows	0	0	209	209	307
Civil Penalties Escrow	0	0	108	108	141
Bonds	0	0	10	10	22
Other Deposits	0	0	(2)	(2)	76
Overpayments	0	0	120	120	0
<b>Total Amounts Held for Others</b>	<b>\$241</b>	<b>\$0</b>	<b>\$1,375</b>	<b>\$1,616</b>	<b>\$1,506</b>

## Note 7. Unexpended Appropriations and Cumulative Results of Operations:

Unexpended Appropriations have been restated for Fiscal Year 1996 in order to present comparative data for 1996 and 1997. These amounts now include appropriations made available from the AML Special and Civil Penalty Funds. Unexpended Appropriations did not include Reclamation Programs funding in 1996 due to an accounting definition of the AML and Civil Penalty funds as available receipt funds for which appropriations would not be disclosed since the monies were defined as available upon receipt, even though approval was needed through appropriation law to receive such funding from the AML Special Fund. This definition remains the same. However, new accounting methodology approved by the Department of the Interior in 1997 states that Appropriations Used and remaining Unexpended Appropriations will be disclosed for all available receipt funds used for mission purposes.

Because of this accounting change, Cumulative Results of Operations is also affected and has been restated for Fiscal Year 1996.

The Federal Accounting Standards Advisory Board (FASAB) Standard, "Accounting for Revenue and Other Financing Sources", combines Cumulative Results of Operations with Invested Capital and Future Funding Requirements.

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

	1997	1996
Invested Capital	\$ 5,549	\$ 5,394
Future Funding Requirements	(4,457)	(4,444)
Cumulative Results of Operations	1,142,939	1,108,610
<b>Total Cumulative Results of Operations</b>	<b>\$ 1,144,031</b>	<b>\$ 1,109,560</b>

## Note 8. Net Position:

### Net Position (dollars in thousands)

	Reclamation Programs	Regulation & Technology	Other	1997 Total	1996 Total
Unexpended Appropriations:					
Unobligated:					
Available	\$ 45,063	\$ 1,146	\$ 0	\$ 46,209	\$ 52,896
Unavailable	0	14,497	0	14,497	16,147
Undelivered Orders	256,095	29,460	0	285,555	293,018
Unfilled Customer Orders	(50)	(614)	0	(664)	(765)
<b>Total Unexpended Appropriations</b>	<b>301,108</b>	<b>44,489</b>	<b>0</b>	<b>345,597</b>	<b>361,296</b>
<b>Cumulative Results of Operations</b>	<b>1,233,139</b>	<b>0</b>	<b>(89,108)</b>	<b>1,144,031</b>	<b>1,109,560</b>
<b>Total Net Position</b>	<b>\$ 1,534,247</b>	<b>\$ 44,489</b>	<b>(\$ 89,108)</b>	<b>\$ 1,489,628</b>	<b>\$ 1,470,856</b>

## Note 9. Net Cost of Operations:

### Net Cost of Operations (dollars in thousands)

	Reclamation Programs	Regulation & Technology	Other	1997 Total	1996 Total
Net Program Costs	\$220,613	\$91,933	(\$1,151)	\$311,395	\$311,242
Less Miscellaneous Revenues	0	0	(665)	(665)	(2,236)
<b>Total Net Cost of Operations</b>	<b>\$220,613</b>	<b>\$91,933</b>	<b>(\$1,816)</b>	<b>\$310,730</b>	<b>\$309,006</b>



## Note 10. Intragovernmental Costs (Costs Within the Government):

<b>Intragovernmental Costs</b>					
(dollars in thousands)					
	Reclamation Programs	Regulation & Technology	Other	1997 Total	1996 Total
Department of the Interior:					
Bureau of Reclamation	\$ 236	\$ 50	\$ 0	\$ 286	\$ 316
Bureau of Land Management	21	1	0	22	1
Minerals Management Service	2	52	0	54	48
National Park Service	2	0	0	2	15
Office of Aircraft Services	0	0	0	0	10
Office of the Secretary	2,416	251	0	2,667	2,891
U.S. Geological Survey (USGS)	23	(23)	0	0	459
<b>Subtotal, Department of Interior</b>	<b>2,700</b>	<b>331</b>	<b>0</b>	<b>3,031</b>	<b>3,740</b>
Other Federal Agencies:					
Environmental Protection Agency	58	50	0	108	13
General Services Administration	3,261	176	0	3,437	4,705
U.S. Treasury	0	9	0	9	318
Government Printing Office	268	10	0	278	243
Department of State	0	217	0	217	23
Other	98	89	0	187	370
<b>Subtotal, Other Federal Agencies</b>	<b>3,685</b>	<b>551</b>	<b>0</b>	<b>4,236</b>	<b>5,672</b>
<b>Total Costs within the Government</b>	<b>\$ 6,385</b>	<b>\$ 882</b>	<b>\$ 0</b>	<b>\$ 7,267</b>	<b>\$ 9,412</b>

## 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.

<b>Earned Revenue</b>					
(dollars in thousands)					
	Reclamation Programs	Regulation & Technology	1997 Total	1996 Total	
Within the Government:					
Bureau of Indian Affairs	\$ 61	\$ 1,063	\$ 1,124	\$ 125	
Bureau of Land Management	0	60	60	54	
Fish and Wildlife Service	0	8	8	0	
Minerals Management Service	6	0	6	26	
Office of the Secretary - DOI	0	27	27	23	
Office of Navajo/Hopi Indian Relocation	0	5	5	124	
Office of the Solicitor - DOI	7	0	7	0	
Food and Drug Administration	0	25	25	0	
Environmental Protection Agency	50	0	50	19	
General Services Administration - Other	0	0	0	1	
General Services Administration - Vehicles	7	8	15	33	
Internal Revenue Service	0	97	97	25	
<b>Subtotal Within the Government</b>	<b>131</b>	<b>1,293</b>	<b>1,424</b>	<b>430</b>	
With the Public:					
Bond Forfeitures	\$0	\$20	\$20	\$61	
California	0	0	0	1	
Indonesia	0	723	723	1,121	
Kentucky	73	0	73	5	
Pennsylvania	0	0	0	53	
Miscellaneous	2	4	6	8	
<b>Subtotal With the Public</b>	<b>75</b>	<b>747</b>	<b>822</b>	<b>1,249</b>	
<b>Total Earned Revenue</b>	<b>\$ 206</b>	<b>\$ 2,040</b>	<b>\$ 2,246</b>	<b>\$ 1,679</b>	

**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.

<b>Future Funding Requirements</b>		
(dollars in thousands)		
	1997	1996
Accrued Unfunded Leave	(\$ 1)	(\$ 418)
FECA	13	(82)
<b>Total Future Funding Requirements</b>	<b>\$ 12</b>	<b>(\$ 500)</b>

**Note 13. Other Revenues and Financing Sources:**

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

<b>Other Revenues and Financing Sources</b>		
(dollars in thousands)		
	1997	1996
Administrative Revenue from AML fees	\$ 1,117	\$ 480
Civil Penalty Revenue	(8,406)	(2,706)
<b>Total Other Revenues and Financing Sources</b>	<b>(\$ 7,289)</b>	<b>(\$ 2,226)</b>

Fiscal Year 1996 *Other Revenues and Financing Sources* has been restated using the new accounting model for fiscal year 1997. This new model accounts for Bad Debt Expense on Non-Exchange revenue (revenue gained by the agency through means other than providing a service or product) as a reduction to revenue rather than as an expense. Due to increased receivable clearing activities, write-offs of uncollectible receivables have surpassed the creation of new receivables thus creating the negative revenue shown above.

**Note 14. Invested Capital Adjustments and Other Changes:**

<b>Invested Capital</b>		
<b>Adjustments and Other Changes</b>		
(dollars in thousands)		
	1997	1996
Restatement of Assets	\$ 255	\$ 58
Net Transfers Out	(182)	(158)
Net Transfers In	0	5
Loss on Disposal of Assets	(29)	(31)
Reclassification of Object Class Codes	(26)	85
<b>Total Invested Capital Adjustments and Other Changes</b>	<b>\$ 18</b>	<b>(\$ 41)</b>

## Note 15. Prior Period Adjustments:

	Prior Period Adjustments	
	(dollars in thousands)	
	1997	1996
Reclassification of civil penalty debt as unterminated and decision that Notice of Proposed Assessments are not classified as accounts receivable.	\$ 0	\$ 2,762
Determination that all interest, penalty, and administrative costs associated with bankruptcy should be waived.	0	(113)
Reversals of debt caused by new documentation produced by the debtor company.	0	(586)
Changes to prior-year cash and revenue based on enhancements to the subsidiary accounting system to accurately reflect cash balances and post-judgment interest.	3,520	0
Reversals of prior-year accounts receivable based on a reversal of coal weight determination effective June 23, 1997, and new documentation produced by debtor companies.	(14,035)	0
Changes to prior-year revenue based on enhancements to the AML fee collection system which allows for the determination of revenue as an adjustment to prior-year as well as, current-year business.	(7,601)	0
Implementation of new accounting policy to include liabilities for loss contingencies related to OSM activities which will be paid from Treasury's Judgment Fund.	(90,200)	0
Revenue from Fees Assessed was overstated due to a reporting problem corrected in 1996.	0	(861)
Offsetting Bad Debt Expense was overstated due to a reporting problem corrected in 1996.	0	861
Change in policy to report certain receipts as agency revenue that is available for use which had previously been recorded as Treasury revenue.	0	309
Changes in property due to data entry timing differences and transfer-out of equipment not previously recorded.	0	(92)
Total Prior-Period Adjustment	(\$ 108,316)	\$ 2,280

## Note 16. Change in Unexpended Appropriations:

	Change in Unexpended Appropriations	
	(dollars in thousands)	
	1997	1996
Unobligated Balance	(\$ 8,336)	\$ 6,594
Unliquidated Obligations:		
Undelivered Orders	(7,463)	(1,752)
Unfilled Customer Orders	101	(507)
Change in Unexpended Appropriations	(\$ 15,698)	\$ 4,335

Fiscal year 1996 *Change in Unexpended Appropriations* has been restated to reflect an accounting model change in fiscal year 1997 which incorporates appropriations used for Reclamation Programs which were not previously listed as such.

## Note 17. 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. These unavailable funds are canceled and returned to the Treasury five years after the appropriation was authorized. The current balance of unavailable (or expired) appropriations is approximately \$14.5 million.

## Note 18. Extraneous Liabilities:

### A. Environmental Liabilities

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 with states or tribes 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.



**B. Contingent Liabilities**

There exist no asserted or unasserted claim, or closely related group of claims, against OSM's funds which have not been recorded as a payable. There are, however, claims against the Department of Justice's Judgment Fund related to OSM activities. These claims have been recorded by OSM as a contingent liability. Any claims paid as a result of a decision for the plaintiff will be borne by the Judgment Fund. Contingent liabilities which have a greater than 50% possibility of being paid to the plaintiff from the Judgment Fund have been estimated to be no larger than \$90.2 million.

Prior to 1997, Department of the Interior agencies did not report Judgment Fund contingent liabilities. Because of new guidance issued by the Federal Accounting Standards Advisory Board, effective in 1997, these liabilities will now be reported. This will allow each agency to accurately reflect all lawsuits against the Federal Government relating to that agency's operations.

**Note 19. 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 are yet to be 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 1997 and 1996 are detailed below:

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

	1997	1996
Beginning Balance	\$ 1,082,350	\$ 977,587
Add: Fee Collections	266,783	256,451
Add: Investment Interest	81,006	69,383
Less: Appropriations	(177,085)	(173,887)
Less: Transfers Out	(31,373)	(47,184)
Ending Balance	\$ 1,221,681	\$ 1,082,350

Note: Please refer to Note 2 for further information on restricted and unrestricted assets balances.

**Note 20. Assigned Retirement and Post-Employment Benefits Costs:**

Prior to 1997, Department of the Interior agencies did not report or record an assigned expense or assigned financing source for retirement and post-employment benefits borne by the Office of Personnel Management. Because of new guidance issued by the Federal Accounting Standards Advisory Board, effective in 1997, these assigned expenses and financing sources will now be reported and recorded. This will allow agencies to more accurately reflect the benefit expenses created by the agency's operations. The following table details the expenses incurred for retirement and post-employment benefits.

**Assigned Retirement and Post-Employment Benefits Cost**  
(dollars in thousands)

	Base Salary of Eligible Employees	OSM Percentage of Cost	1997 Assigned Cost
Civil Service Retirement System Pensions	\$ 24,386	10.20%	\$ 2,487
Civil Service Retirement System Offset Pensions	2,029	7.00%	142
Retirement Life Insurance	29,062	0.02%	6
Retirement Health Benefits	654 employees (yearly average) multiplied by \$2,493.00 per employee		1,631
Total Assigned Benefits Cost			\$ 4,266

Please see Note 1L for further explanation of the Civil Service Retirement System.

# SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 1997

(dollars in thousands)

	Reclamation Programs	Regulation & Technology	Other	Combined
<b>ASSETS</b>				
Entity Assets:				
Intragovernmental:				
Fund Balance with Treasury (Note 2)	\$ 1,549	\$ 48,742	\$ 1,343	\$ 51,634
Cash (Imprest)	2	0	0	2
Investments (Note 3)	1,525,363	0	0	1,525,363
Accounts Receivable, Net (Note 4A)	54	28	0	82
Interest Receivable, Net (Note 4A)	8,488	0	0	8,488
With the Public:				
Accounts Receivable, Net (Note 4B)	2,292	25	0	2,317
Interest Receivable, Net (Note 4B)	1,009	0	0	1,009
Advances and Prepayments	0	0	32	32
Physical Assets (Note 5)	0	0	5,549	5,549
<b>Total Entity Assets (Note 19)</b>	<b>1,538,757</b>	<b>48,795</b>	<b>6,924</b>	<b>1,594,476</b>
Non-Entity Assets:				
With the Public:				
Interest Receivable, Net (Note 4C)	0	0	1,526	1,526
<b>Total Non-Entity Assets</b>	<b>0</b>	<b>0</b>	<b>1,526</b>	<b>1,526</b>
<b>Total Assets</b>	<b>1,538,757</b>	<b>48,795</b>	<b>8,450</b>	<b>1,596,002</b>
<b>LIABILITIES</b>				
Liabilities Covered by Budgetary Resources:				
Intragovernmental:				
Accounts Payable	118	68	0	186
with the Public:				
Accounts Payable	3,616	2,829	0	6,445
Accrued Payroll and Benefits	535	1,409	0	1,944
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>4,269</b>	<b>4,306</b>	<b>0</b>	<b>8,575</b>
Liabilities Not Covered by Budgetary Resources:				
Intragovernmental:				
Accounts Payable	0	0	1,526	1,526
With the Public:				
Accounts Payable	0	0	4,457	4,457
Amounts Held for Others (Note 6)	241	0	1,375	1,616
Other Liabilities (Note 18)	0	0	90,200	90,200
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>241</b>	<b>0</b>	<b>97,558</b>	<b>97,799</b>
<b>Total Liabilities</b>	<b>4,510</b>	<b>4,306</b>	<b>97,558</b>	<b>106,374</b>
<b>NET POSITION</b>				
Unexpended Appropriations (Note 7 & 8)	301,108	44,489	0	345,597
Cumulative Results of Operations (Note 7 )	1,233,139	0	(89,108)	1,144,031
<b>Total Net Position (Note 8)</b>	<b>1,534,247</b>	<b>44,489</b>	<b>(89,108)</b>	<b>1,489,628</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,538,757</b>	<b>\$ 48,795</b>	<b>\$ 8,450</b>	<b>\$ 1,596,002</b>

The accompanying footnotes are an integral part of these statements.

# SUPPLEMENTAL STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 1997

(dollars in thousands)

	Reclamation Programs	Regulation & Technology	Other	Combined
<b>Net Cost of Operations</b>	\$ 220,613	\$ 91,933	\$ (1,816)	\$ 310,730
<b>Financing Sources:</b>				
Appropriations Used	221,103	92,512	0	313,615
AML Interest, Non-Federal	1,555	0	0	1,555
Investment Interest Earned, Federal	77,347	0	0	77,347
Revenue from Fees Assessed	274,453	0	0	274,453
Other Revenues and Financing Sources (Note 13)	(7,289)	0	0	(7,289)
Imputed Financing Sources (Note 20)	0	0	4,266	4,266
Less Appropriated Revenues	(208,725)	(20)	0	(208,745)
Less Financing Sources Transferred Out	0	0	(1,704)	(1,704)
<b>Net Results of Operations</b>	<b>137,831</b>	<b>559</b>	<b>4,378</b>	<b>142,768</b>
Invested Capital - Adjustments and Other Changes (Note 14)	(490)	(559)	1,067	18
Prior Period Adjustments (Note 15)	(12,813)	0	(95,503)	(108,316)
<b>Net Change in Cumulative Results of Operations</b>	<b>124,528</b>	<b>0</b>	<b>(90,058)</b>	<b>34,470</b>
Change in Unexpended Appropriations (Note 16)	(12,378)	(3,320)	0	(15,698)
<b>Change in Net Position</b>	<b>112,150</b>	<b>(3,320)</b>	<b>(90,058)</b>	<b>18,772</b>
Net Position-Beginning of Period	1,422,097	47,809	950	1,470,856
Net Position-End of Period (Note 8)	\$ 1,534,247	\$ 44,489	(\$ 89,108)	\$ 1,489,628

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 19, 1997

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

From: Robert J. Ewing  
Acting Deputy Director  
Office of Surface Mining



Subject: Management Representations for the Office of Surface Mining - Fiscal Year 1997 Financial Statements

You have audited the Principal Statements and Consolidated Statements of the Office of Surface Mining (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, 1997, 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 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

January 20, 1998

Memorandum

To: Director, Office of Surface Mining Reclamation and Enforcement

From: Robert J. Williams  
Assistant Inspector General for Audits

Subject: Report on Office of Surface Mining Reclamation and Enforcement Consolidated Financial Statements for Fiscal Years 1996 and 1997

In accordance with the Chief Financial Officers Act of 1990, as amended, we audited the Office of Surface Mining Reclamation and Enforcement's consolidated financial statements for the fiscal years ended September 30, 1996, and 1997, as contained in the Office of Surface Mining Reclamation and Enforcement's accompanying "1997 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 with Office of Management and Budget Bulletin 93-06, "Audit Requirements for Federal Financial Statements," and was completed on December 19, 1997. 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 accompanying 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.

We found that the consolidated financial statements and accompanying notes present fairly the Office of Surface Mining's assets, liabilities, and net position; cost and net cost; financing sources and changes in net position; and budget resources and outlays. We also found that these consolidated financial statements are presented in conformity with the accounting standards and policies described in the notes to the financial statements. Further, the supplemental financial statements for fiscal years 1996 and 1997, which follow the notes to the financial statements, were subjected to the auditing procedures applied in the audit of the consolidated financial statements and are fairly stated in relation to the financial statements taken as a whole.

Management of the Office of Surface Mining is responsible for establishing and maintaining an internal control structure, which we evaluated as part of our audit. In performing the evaluation, we obtained an understanding of the relevant control policies and procedures, assessed the importance of their proper functioning, and tested whether they have been operating as designed. 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.

We found that the Office of Surface Mining's internal control structure in effect on September , 1997, was sufficient to safeguard assets against loss from unauthorized use or disposition; 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. However, losses, noncompliance, or misstatements may occur and not be detected because of inherent limitations in any system of internal controls. We also caution that projecting our evaluations of internal controls to future periods is subject to the risk that the controls or the degree of compliance with the controls may diminish.

We performed tests of the Office of Surface Mining's compliance with certain provisions of laws and regulations specified in Bulletin 93-06, as amended, noncompliance with which could have a direct and material effect on the determination of amounts in the financial statements. In planning and performing our tests of compliance, we considered the implementation guidance issued by the Office of Management and Budget on September 9, 1997, relating to the Federal Financial Management Improvement Act of 1996. With respect to the Act, we believe that the tests performed provide sufficient evidence to support an opinion on compliance. However, providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests of compliance with the laws and regulations described above disclosed no instances of noncompliance that are required to be reported under the "Government Auditing Standards."

We reviewed the financial information presented in the Office of Surface Mining's overview in order to determine whether the information was consistent with the financial statements. Based on our review, we determined that the information in the overview and financial statements was consistent.

Our review of prior Office of Inspector General and General Accounting Office audit reports found that there were no significant unresolved and unimplemented recommendations which affected the Office of Surface Mining's financial statements.



***We manage the finances.*** The staff responsible for the wide range of financial operations required by the Surface Mining Law make up the largest group of Office of Surface Mining employees. The Division of Financial Management, located in Denver, Colorado and in Washington, D.C., is responsible for a wide range of these financial operations. The people in this photo represent the employees, and contract employees, located in Denver.

The *Accounting and Financial Information Team* provides financial management and reporting for the regulatory and Abandoned Mine Land reclamation programs. This team manages grants to states, Abandoned Mine Land Fund investments, and all payroll, cost, and purchase accounting. Accountant Becky LaClair (third row, fifth from right) is responsible for the accuracy of the Office of Surface Mining payroll and is often seen rushing off at the end of the day to singing concerts or practicing her new role as grandmother to newborn Evie.

The *Payments Team* pays the bills. After verifying invoices, team members approve payments by the Treasury for everything from reclamation projects through small purchases of supplies. Systems Accountant Bernadette Herrera (second row, third from left), provides guidance and assistance to all Office of Surface Mining employees and vendors for travel and payment related problems. She is the person who solves the problems and gets the payments made. Bernadette has two daughters who are competitive swimmers and is active in providing support to these aspiring athletes.

The *Collections Team* collects and accounts for all Abandoned Mine Land reclamation fees and civil penalties. These staff members are the primary liaisons with the coal industry, states, auditors, and solicitors regarding reclamation fee collection. To encourage the high level of voluntary compliance, the team actively tracks all producing coal mines and provides operators with information and guidance needed to fully comply with the Surface Mining Law. When not in the office, Contract Accountant Debbie Humphrey (second row, fifth from left) is usually off with her husband in an airplane to explore out-of-the-way places in the Rocky Mountain area.

The *Financial and Administrative Systems Team* is responsible for planning, developing, and implementing the financial computer systems. In addition, team members maintain the Applicant Violator System, which is run on a computer in the Denver Financial Management office. Computer Specialist Jape Abruscato (second row, fourth from left) is responsible for developing and testing new systems. His work space is filled with toy dolphins and he looks forward to the time when he can again swim in the ocean with Humpback whales.

# Directory

## Office of Surface Mining

### OSM Headquarters

*Kathleen M. Karpan, Director*  
1951 Constitution Ave., N.W.  
Washington, D.C. 20240  
(202) 208-4006

### Albuquerque Field Office

(Arizona, California, New Mexico, Navajo Tribe,  
Hopi Tribe, and Ute Tribe)  
*Willis L. Gainer, Director*  
505 Marquette Ave., NW, Suite 1200  
Albuquerque, NM 87102  
(505) 248-5070

### Appalachian Regional Coordinating Center

(Maryland)  
*Allen D. Klein, Regional Director*  
Three Parkway Center  
Pittsburgh, PA 15220  
(412) 937-2828

### AVS Lexington Office

*Earl D. Bandy, Chief*  
2677 Regency Road  
Lexington, KY 40503  
(606) 233-2792

### Ashland Office

*John Sefton, Manager*  
Federal Bldg., Rm. 224  
1405 Greenup Ave., Box 5  
Ashland, KY 41101  
(606) 324-2828

### Beckley Area Office

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

### Big Stone Gap Field Office

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

### Birmingham Field Office

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

### Casper Field Office

(Idaho, Montana, North Dakota, South Dakota,  
Wyoming, Crow Tribe, Northern Cheyenne Tribe,  
Cheyenne River Sioux Tribe)  
*Guy Padgett, Director*  
100 East B St., Rm. 2128  
Casper, WY 82601-1918  
(307) 261-6550

### Charleston Field Office

(West Virginia)  
*Roger W. Calhoun, Director*  
1027 Virginia Street, East  
Charleston, WV 25301  
(304) 347-7162

### Columbus Office

(Ohio and Michigan)  
*George Rieger, Manager*  
4480 Refugee Road, Suite 201  
Columbus, OH 43232  
(412) 937-2153

### Harrisburg Field Office

(Massachusetts, Pennsylvania, and Rhode Island)  
*Bob Biggi, Director*  
Harrisburg Transportation Center  
415 Market Street, Suite 3C  
Harrisburg, PA 17101  
(717) 782-4036

### Indianapolis Field Office

(Indiana and Illinois)  
*Andrew R. Gilmore, Director*  
575 North Pennsylvania St., Rm. 301  
Indianapolis, IN 46204  
(317) 226-6166

### Johnstown Area Office

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# Communicating with our constituents

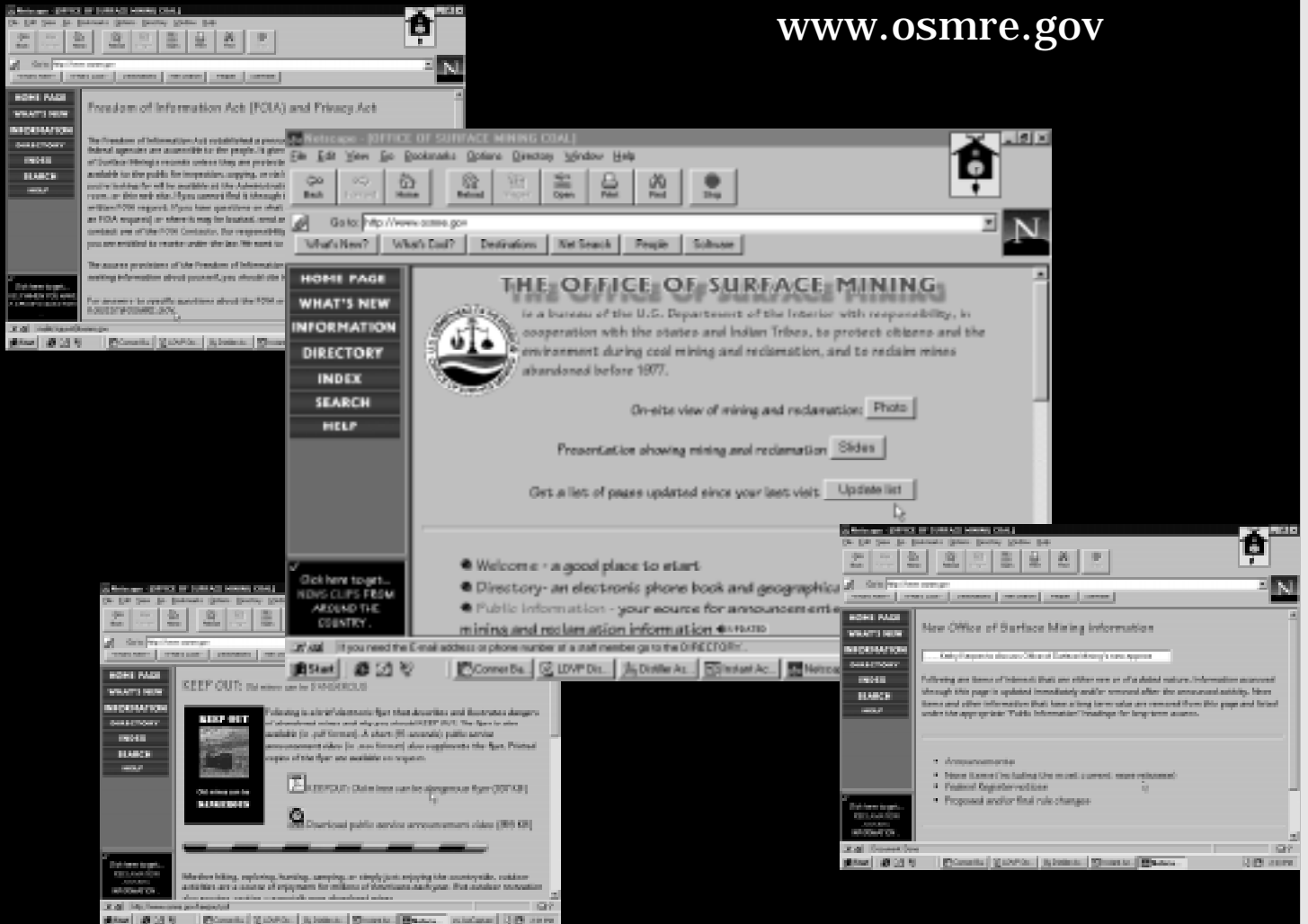
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**Office of Surface Mining  
1997 Annual Report  
for the Fiscal Year ended  
September 30, 1997**

**20th year of operation**

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