

**OFFICE OF SURFACE MINING
RECLAMATION AND ENFORCEMENT**

**ANNUAL EVALUATION SUMMARY REPORT
FOR THE
REGULATORY PROGRAM
ADMINISTERED BY THE OFFICE OF SURFACE MINING**

WASHINGTON

**EVALUATION YEAR 2007
OCTOBER 1, 2006 to SEPTEMBER 30, 2007**

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I. Introduction

The Surface Mining Control and Reclamation Act of 1977 (SMCRA) created the Office of Surface Mining Reclamation and Enforcement (OSM) in the Department of the Interior. SMCRA provides authority to OSM to oversee the implementation of and provide Federal funding for State regulatory programs that have been approved by OSM as meeting the minimum standards specified by SMCRA. The State of Washington chose not to develop a regulatory program to administer SMCRA, leaving the responsibility to OSM to administer a Federal program. This report contains summary information regarding the Federal program and the effectiveness of OSM in meeting the applicable purposes of SMCRA as specified in Section 102. This report covers the period of October 1, 2006 to September 30, 2007. Detailed background information and supporting documentation for the program elements evaluated during the period are available for review and copying at the OSM Area Office located in Olympia, Washington.

The following acronyms are used in the report:

COE	U.S. Army Corps of Engineers
DOE	Washington Department of Ecology
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
OHA	Office of Hearings and Appeals
OSM	Office of Surface Mining
PCCC	Pacific Coast Coal Company
POV	Pattern of Violations
SMCRA	Surface Mining Control and Reclamation Act of 1977
TCM	TransAlta Centralia Mining Company
WR	Western Region

II. Overview of the Washington Coal Mining Industry

At present, there are two (2), Federally permitted surface coal mines in the State of Washington. The first, the John Henry No. 1 Mine, operated by the Pacific Coast Coal Company (PCCC) is located in Black Diamond, Washington, approximately 14 miles south of Seattle. The 480 acre, bituminous operation has been idle since 1998, with the exception of limited importation of clean fill material onto the mine site. The company, though not mining, has maintained its sediment control structures and continues its water quality monitoring program. The permittee has not filed for temporary cessation of operations.

The second mine, the Centralia Mine, is operated by the TransAlta Centralia Mining Company LLC (TCM) a subsidiary of the TransAlta Corporation, located in Calgary, Alberta. This is a sub-bituminous surface coal mine encompassing approximately 14,500 acres located close to Centralia, Washington. The multiple seam mine operated continuously since 1971 and at its peak removed approximately 6 million tons annually that fed the adjacent power plant.

On November 27, 2006, TransAlta's President announced the sudden closure of the Centralia Mine which resulted in the immediate loss of approximately 600 jobs at the mine. TCM was the region's largest employer. This, along with the loss of many more indirectly related jobs, caused an immediate economic impact to the area.

After the initial announcement, local TCM officials notified OSM that the company intended to file a notice of temporary cessation of operations (TCO). After several meetings with OSM, TCM submitted its TCO notice on December 26, 2006.

Subsequent to receipt of the TCO, OSM's Denver Field Division (DFD), in accordance with 30CFR 843.13 (a) (2), reviewed TCM's history of violations to determine whether a pattern of violations (POV) existed at the mine. OSM's review of inspection and enforcement records indicated that 16 separate violations were issued to TCM during a 12-month period. Ten of the 16 violations were of the same or similar requirements related to the protection of the hydrologic balance. Based on the above review, OSM, on May 7, 2007, issued to TCM an order requiring the company to show cause why its permit and the right to mine should not be suspended or revoked. TCM responded to the Show Cause Order on June 25, 2007, motioning for vacating the order and denying that a POV existed. The Office of Hearings and Appeals (OHA) denied the motion to vacate and scheduled a hearing.

III. Overview of the Public Participation Opportunities in the Oversight Process and the Federal Program

Due to the current lack of activity at both operations, there has been minimal opportunity for involvement by the general public. Most of the involvement concerning the Federal program or permit related issues has been between OSM and the two permittees or between OSM and other involved agencies. During the evaluation year, OSM representatives have met with staff from the Washington Department of Natural Resources (DNR), Washington Department of Ecology (DOE), U.S. Army Corps of Engineers (COE), Lewis County Department of Health and Social Services and the Lewis County Department of Economic and Community Development.

Two OSM representatives did participate in a public information meeting sponsored by the Washington DOE concerning their renewal of PCCC's National Pollutant Discharge Elimination System (NPDES) permit; approximately 50 concerned citizens/adjacent property owners attended the lengthy and contentious meeting.

Additionally, staff from the Olympia Area Office has participated in numerous personal and telephone conversations with Lewis County Commissioners, the Mayor of Black Diamond as well as City Council members and members of the broadcast and print media.

IV. Major Accomplishments/Issues/Innovations in the Washington Program

There have been no major accomplishments or innovations associated with OSM's implementation of SMCRA during this evaluation cycle; having said that, a tremendous amount of staff time and effort has been focused on the temporary cessation of operations at TCM's Centralia Mine. This is the first TCO filed in the West and processed by OSM's Western Region (WR). OSM's Washington Mines Team has worked diligently to ensure that the permittee revises the electronic permit application package to reflect accurately the changing operation and reclamation plans and schedules at the mine.

Another first for the WR was the Show Cause Order issued by OSM to TCM on May 7, 2007. The Show Cause Order was triggered by a pattern of violations established after TCM received 16 violations in a 12 month period, 10 of which were related to protection of the hydrologic balance. 30 CFR 843.13 (a) (2) dictated that OSM file with the Department of the Interior's Office of Hearings and Appeals the order requiring TCM to show cause why its SMCRA permit should not be suspended or revoked. TCM submitted an initial response on June 25, 2007, that did not fully address the issues. Additionally, TCM filed a motion with OHA to vacate the Show Cause Order; OHA denied TCM's request and scheduled a hearing date. A follow-up response was adequate enough for OHA to grant OSM and TCM approval to enter into negotiations in an attempt to reach a negotiated settlement to the Show Cause Order. At the end of the Evaluation Year, two negotiation sessions had been held with the third scheduled for mid-October.

Some progress has been made in resolving some of the identified issues with additional work remaining in other areas. Both parties are required to file with OHA a Joint Status Report following each negotiation session. As long as progress is being made in resolving the issues, the negotiation sessions will continue; should progress cease, the matter will be resolved by an Administrative Law Judge.

V. Success in Achieving the Purposes of SMCRA as Determined by Measuring and Reporting End Results

To further the concept of reporting end results, the findings from performance standard and public participation evaluations are being collected for a national perspective in terms of the number and extent of observed off-site impacts, the number of acres that have been mined and reclaimed and which meet the bond release requirements for the various phases of reclamation, and the effectiveness of customer service provided by OSM. Individual topic reports which are available in the OSM Area Office located in Olympia, Washington provide additional details on how the following evaluation and measurements were conducted.

A. Off-site Impacts

A review of the 29 inspection reports filed during this Evaluation Year, along with the 6 Notices of Violations (NOV) issued during the same period, show that both inspectable units were free from off-site impacts. Despite the lack of activity, both operators maintain their sediment control structures and perimeter ditches so as to prevent off-site impacts.

B. Reclamation Success

As previously mentioned in Sections II and IV, OSM is involved in settlement negotiations with TCM as a result of the Show Cause Order. The critical issue being negotiated is TCM's revised reclamation plan and schedule in light of their temporary cessation of operations. As previously stated, this is an on-going process.

While PCCC has not mined any coal since 1998, it differs from the TCM operation in that PCCC has not filed a notice of Temporary Cessation of Operations. The company has stated its intentions of someday resuming mining activities at the John Henry No. 1 Mine. Since the approved permit application package links reclamation directly to active mining and coal removal, reclamation has been put on hold. OSM is exploring its options, through the permitting process, to initiate more timely reclamation at the mine.

For more information on these evaluation topics, or any other aspect of the 2007 annual oversight process, feel free to contact:

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APPENDIX 1:

These tables present data pertinent to mining operations and Federal regulatory activities within Washington State. Unless otherwise specified, the reporting period for the data contained in all of the tables is October 1, 2006 to September 30, 2007. Additional data used by OSM in its evaluation is available for review in the evaluation files maintained by the OSM Area Office located in Olympia, Washington.