

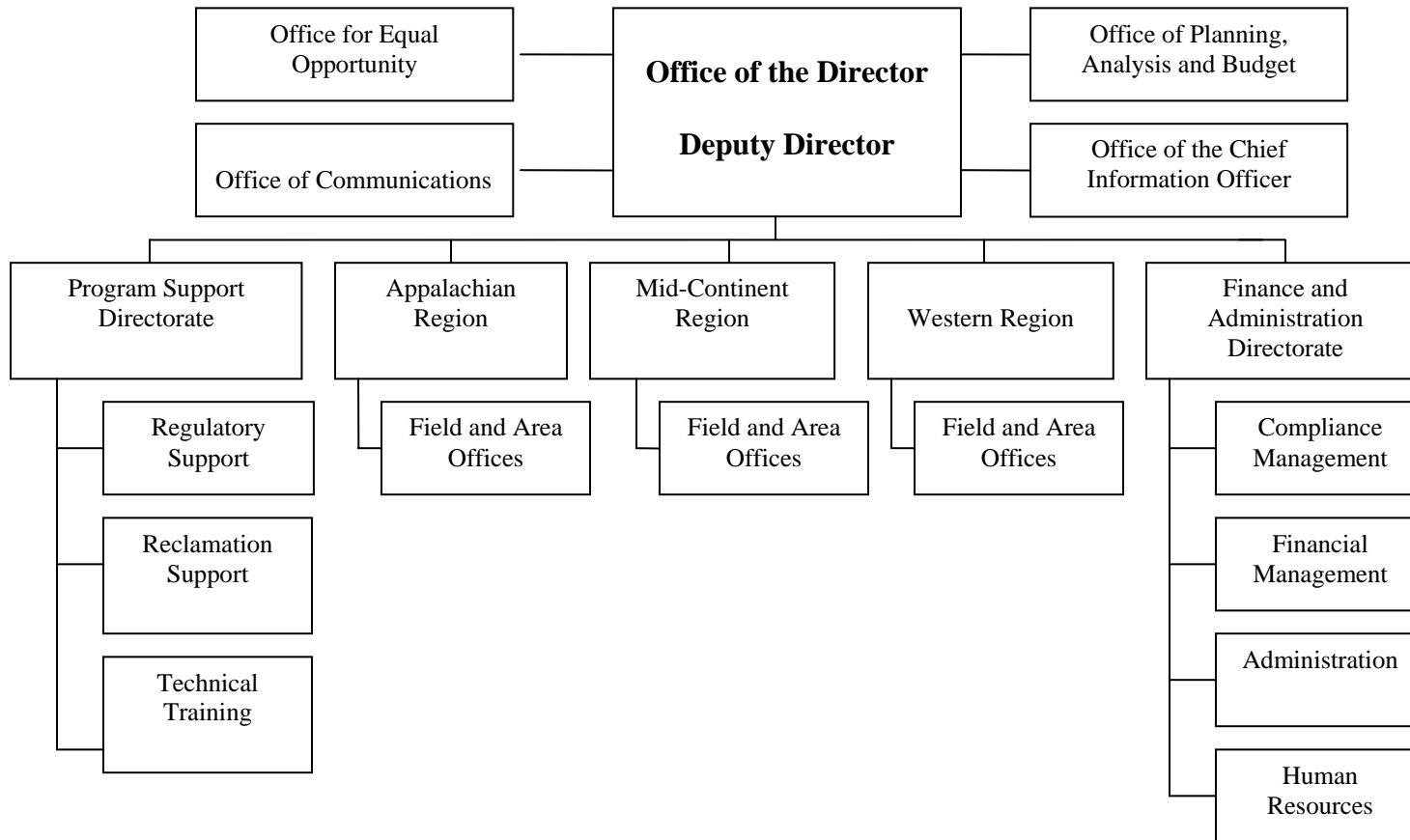
**BUDGET JUSTIFICATION  
And PERFORMANCE INFORMATION**

**FISCAL YEAR 2007**

**OFFICE OF SURFACE MINING  
RECLAMATION AND ENFORCEMENT**

**DEPARTMENT OF THE INTERIOR**

# Office of Surface Mining Reclamation and Enforcement



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## **GENERAL STATEMENT**

The Office of Surface Mining Reclamation and Enforcement (OSM) was established with the passage of the Surface Mining Control and Reclamation Act (SMCRA) of 1977, Public Law 95-87, August 3, 1977.

SMCRA was enacted to ensure that coal mine surface activities are operated in a manner that protects citizens and the environment during mining, to assure that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines. SMCRA provides the means for restoring abandoned coal mines through collection of a tonnage-based reclamation fee assessed on current coal production.

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OSM's mission goals are to:

(1) Provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining, and (2) Protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.

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Currently, 24 States have regulatory primacy programs in place and OSM continues to work with Indian Tribes to enable them to assume primacy. Twenty-three States and three Tribes administer approved abandoned mine land reclamation programs. The primacy States are successfully implementing their approved regulatory and reclamation programs. OSM's role has evolved to establishing policy direction and guidance, providing grants to primacy States and Tribes, conducting oversight activities in accordance with SMCRA, and administering and operating programs on Federal and Tribal lands and in States that have not assumed primacy.

Since 1977, OSM has provided about \$1 billion in regulatory grants to the States and Tribes to assist in funding the regulation of active coal mines. Since 1979, OSM has provided about \$3 billion in grants to the States and Tribes to clean up mine sites abandoned before SMCRA's 1977 enactment. More than 208,000 acres of priority 1 and 2 abandoned coal mine sites have been reclaimed under the program.

OSM's fiscal year (FY) 2007 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals.

### **Budget Highlights:**

OSM requests \$ 298.1 and 568 FTEs to achieve its FY 2007 annual performance goals. An additional \$51 million will be provided in permanent authority for supporting health benefits through the United Mine Workers of America to coal miners and their dependents as authorized by the Energy Policy Act of 1992 and SMCRA.

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The FY 2007 discretionary request represents a \$4 million increase over the FY 2006 enacted level of \$294.1 million. OSM proposes a \$2 million increase in State regulatory grants to support continued increases in fixed costs (e.g., salaries, fringe benefits, rents and utilities) that constitute by far the largest proportion of regulatory program expenditures. The additional increases include \$0.1 million for the Working Capital Fund to support enterprise approaches that result in improved effectiveness and efficiency, and fixed costs increases of \$2 million.

The following summary compares the FY 2007 request level to the FY 2006 enacted budget. Details by Appropriation and business line can be found under the Budget at a Glance Tab. Details about Section 405 Compliance are contained under Executive Direction.

**Overview of FY 2007 Budget Request  
(Dollars in Thousands)**

|                                     |            | FY 2005<br>Actual | FY 2006<br>Enacted | FY 2007<br>Request | Difference<br>from FY<br>2006<br>(+/-) |
|-------------------------------------|------------|-------------------|--------------------|--------------------|--|
| Regulation and<br>Technology        | \$         | 108,368           | 108,909            | 112,209            | +3,300                                 |
|                                     | <i>FTE</i> | 352               | 367                | 369                | +2                                     |
| Abandoned Mine<br>Reclamation. Fund | \$         | 188,205           | 185,248            | 185,936            | +688                                   |
|                                     | <i>FTE</i> | 190               | 198                | 199                | +1                                     |
| <b>TOTAL</b>                        | \$         | 296,573           | 294,157            | 298,145            | +3,988                                 |
|                                     | <i>FTE</i> | 542               | 565                | 568                | +3                                     |

Note: FY 2006 and 2007 include estimated civil penalty collections (\$98,529 and \$100,000). FTE proposed for FY 2006 and FY 2007 were adjusted to reflect actual usage and delays in hiring due to retirements and attrition.

About seventy percent of OSM's current funding request will be passed to the States and Indian Tribes in the form of regulatory or reclamation grants. OSM will use the balance of the request to provide technical assistance to the States, conduct its oversight responsibilities, implement the Federal Reclamation Program, and carry out its fiscal responsibilities for collecting revenues and awarding grants. OSM implements these programs through three regional and 19 field and area offices.

This budget proposal is closely integrated with and is supportive of the Department's Strategic Plan. It serves communities by protecting the lives and property of the citizens living in proximity to the coal fields; it also protects our Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices. It promotes responsible use of those resources by helping to provide affordable energy while assuring the coal is extracted in an environmentally responsible manner. The budget proposal funds activities that support these mission goal areas through OSM's environmental protection and environmental restoration goals and programs.

This budget proposal supports the 4C's – Communication, Consultation, and Cooperation in service of Conservation by working closely with the States and Tribes in administering their regulatory and reclamation programs. It also supports the Secretary's plan for Citizen-Centered Governance and the President's Government-wide management reform agenda by:

- integrating budget and performance measures;
- continuing review of competitive sourcing efforts;
- improving strategic management of human capital;
- improving financial performance; and
- expanding electronic government.

### **AML Reauthorization**

OSM's authority to collect the abandoned mine reclamation fee expires on June 30, 2006. Approximately \$3.0 billion worth of identified high-priority health and safety coal related problems still remain, along with over \$3.6 billion worth of identified coal related problems affecting the general welfare and the environment of individuals living, working or recreating in coalfield areas. Reauthorization of this important program is necessary in order to finish the job of reclaiming the highest priority sites and to remove individuals from risk posed from those sites. The expiration of the AML fee collection authority presents an opportunity to reform the AML program and to complete the job of reclamation in a more efficient manner. Currently, there is a fundamental imbalance between the goals established by SMCRA and the way the funds are required to be allocated under the Act. Today, some States and Tribes have completed reclamation on all of its abandoned coal mine sites or are working on low priority sites, while others are still decades away from completing the most critical, high priority sites. Furthermore, States and Tribes that have certified the completion of reclamation of its coal related sites have an estimated unappropriated balance in excess of \$580.0 million in State and tribal share AML accounts, funds that, under current law, States and Tribes are entitled to receive in recognition of its contributions to the AML program.

Both the 2005 and 2006 budgets supported reauthorization of abandoned mine land fee collection authority contingent upon achieving basic principles. Specifically, these principles hold that any proposal should: focus on the need to accelerate the cleanup of dangerous abandoned coal mines by directing funds to the highest priority areas so that reclamation can occur at a faster rate, thereby removing the risks to those who live, work and recreate in the coalfields as soon as possible; honor the commitments made to states and tribes under the current law; address the funding of health care needs for the 16,500 unassigned beneficiaries of the CBF while protecting the integrity of the AML fund; and, provide sufficient funding to finish the job of reclaiming the high priority health and safety sites while balancing the interests of all coal



states and providing for enhancements, efficiencies and the effective use of funds. Finally, these reforms should be achieved within the President's mandatory and discretionary spending limits. These objectives recognize the need to strike a balance that addresses both the ongoing problems faced by states with high priority coal-related health and safety issues while not placing those states where the majority of fees are currently generated at a disadvantage.

The 2005 budget proposed legislation that incorporated these principles in a cost effective manner that would result in the highest priority sites being reclaimed decades sooner than under a simple extension of current law. Since the introduction of that legislation, various other proposals have been advanced and discussed by Congress. OSM has worked with Congress to promote the Administration's principles for reauthorization while providing information and analysis on the various proposals advanced. During the current session of Congress, the Administration and the Department will continue to work with the appropriate authorizing committees to secure enactment of these important reforms. The 2007 budget includes a proposal for an interim extension of OSM's AML fee collection authority through September 30, 2007. This extension will allow the continuation of reclamation activities under current law, while allowing the Administration to continue working with Congress on finding an appropriate long term resolution to the reauthorization discussion. Pending enactment of specific reform legislation, the budget does not propose new funding for payments to States and Tribes.

### **Implementing SMCRA – New Approaches Using Effective Partnerships**

In implementing its mission responsibilities, OSM supports the 4C's philosophy by working closely with the States and Tribes in administering their regulatory and reclamation programs. OSM also recognizes the importance of working with industry and coal field citizens in implementing SMCRA. This budget proposal supports the Secretary's emphasis on using effective partnerships by communicating, consulting, and cooperating with these constituent groups to achieve SMCRA's objectives.

OSM continues to emphasize the importance of protecting the environment during and after coal mining operations. OSM oversees SMCRA's implementation in 24 primacy States through an oversight process where OSM assists the States in the administration, implementation and maintenance of their approved regulatory programs. Under this approach, performance agreements are worked out by consensus with each State, with the development of State-specific evaluation plans tailored to the unique conditions of each State's program.

OSM, in cooperation with the 23 States and 3 Indian Tribes that have reclamation programs, will continue to clean up land and waters degraded by past mining practices. The grant funds assist in the removal of existing health and safety hazards and restoration of areas to productive use. Additionally, OSM has developed funding and operational mechanisms, such as the Clean Streams Program discussed below, to achieve additional reclamation at less cost in a cooperative manner.

Acid mine drainage is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. The Clean Streams Program facilitates and enhances State and local partnerships to clean up acid mine drainage and improve the aquatic environment and quality of life for coalfield citizens. Through this program, OSM has

partnered with over 100 State and Federal agencies, local soil and water conservation districts, national conservation organizations, private foundations, and coalfield residents to formalize their commitment to work together through a Statement of Mutual Intent. Many of the demonstration projects that have received funding since program inception are now either completed, under construction, or in design, with construction to commence soon.

OSM implemented the Watershed Cooperative Agreement Program as part of the Clean Streams Program. This program allows OSM to award AML funds from the Federal share directly to private not-for-profit agencies to undertake local acid mine drainage projects.

The Acid Drainage Technology Initiative (ADTI) is an example of another effective partnership at work. The ADTI is a partnership-based joint venture, which includes OSM, coal producing States, academia, industry, and other Government agencies and groups. Its purpose is to identify, evaluate, and develop “best science” practices to predict the likelihood of acid mine drainage discharges prior to mining, and to identify successful remediation practices for existing sources of acid mine drainage. Two manuals, one focusing on reclamation techniques and the other on prediction have been issued to date.

OSM will continue its efforts to establish partnerships to improve and increase outreach efforts that allow full participation from its stakeholders in addressing common problems. These initiatives will assist OSM in forging a bond and partnership with its stakeholders that will endure.

To better serve its partners and the public, OSM continues to improve its abandoned mine site databases to include all eligible abandoned mine sites. OSM expanded its electronic permitting program to reduce paperwork and save time and money for both the States and industry. OSM’s website contains comprehensive information on regulatory and reclamation matters and even accepts requests from citizens for Freedom of Information Act requests.

As mining and engineering information technology continues to grow rapidly, OSM continues to lead by providing and enhancing the most up-to-date information, technical training, technical assistance, and technology transfer. These programs greatly help the States and Tribes operate their respective regulatory and reclamation programs in fulfilling SMCRA’s requirements.

### **Government-wide Management Reforms**

As previously noted, this budget proposal supports the Administration’s Government-wide management reforms. OSM’s budget proposals have integrated strategic goals and associated measures with its budget structure for the past several fiscal years. This proposal also incorporates the Department’s Strategic Plan into the budget document. OSM has already developed a succession plan to help strategically manage its human resources. Consistent with Administration guidance, OSM updated its Commercial Activity Inventory. To address improved financial performance, OSM has made nearly one hundred percent of its financial transfers through electronic funds transfer. Because of OSM’s expanded Electronic Government initiatives, greater opportunities exist for citizens to access OSM provided information.

Discussions of OSM's efforts in implementing the Government-wide reforms and Priority Management Improvement Initiatives are contained in the sections below.

## **1. Budgeting for Performance**

### *a) Strategic Plan*

This budget proposal supports the Department's Strategic Plan. It serves communities by protecting the lives and property of the citizens living in proximity to the coal fields. It also protects our Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices. It promotes responsible use of those resources by enhancing the benefits that the public receives by helping to provide affordable energy while assuring the coal is extracted in an environmentally sensitive manner.

OSM has linked performance measures to budget formulation. This budget request describes program needs through draft strategic goals and associated performance measures. It fully integrates the Department's mission areas at the budget activity level.

In FY 1997, OSM began this effort by working with the Appropriation Subcommittees to restructure its appropriation to reflect the intent of the Government Performance and Results Act. OSM's current budget structure reflects its major functions (business lines) needed to implement SMCRA. The primary business lines are Environmental Protection and Environmental Restoration. They are supported by three additional Business Lines – Technology Development and Transfer, Financial Management, and Executive Direction and Administration.

The FY 2007 budget request is aligned with the goal structure in the Department's Strategic Plan, which is outcome-oriented. The plan is organized around four mission goals which encompass the individual missions of the eight bureaus and offices that form the Department.

In developing the President's Budget, OSM addressed the strategic outcomes and annual performance goals, how it measures and evaluates progress toward those goals, and the resources needed to achieve the annual performance goals.

OSM also refined its activity based cost accounting system for FY 2006 so that managers may more specifically identify the costs of work processes, activities and outputs. OSM currently accounts for costs at multiple levels, both at the Government Performance and Results Act (GPRA) segment level and individual managerial activity level. OSM measures the costs of both the activity's cost and effectiveness such as the cost to reclaim an acre of abandoned mine land, and lower level management costs, such as the cost of various components of the technical training program. OSM is further refining its cost codes to meet the requirements of the Financial Business and Management System, which will be in place for budget formulation and financial management functions in FY 2007.

***b) Program Assessment Rating Tool (PART)***

Improving programs by focusing on results is an integral component of the President's budget and performance integration initiative. The PART is a series of questions designed to provide a consistent approach to rating programs throughout the Federal government. Programs are rated in four distinct areas: purpose and design, strategic planning, program management, and program results. The Office of Surface Mining conducted PART reviews of its Abandoned Mine Land Grants Program (FY 2004), Regulation of Surface Coal Mining Activities (FY 2005), and Federal Regulatory and Abandoned Mine Land Program (FY 2006). With the completion of the FY 2006 PART, all of OSM's major programs have been reviewed under the PART process.

The PART review of the Abandoned Mine Lands Grants Program for FY 2004 identified three recommendations for the program. The recommendations and OSM's progress to date are noted below.

- Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclamation;
- Extend the coal fee, which expires on September 30, 2004, to fund the remaining work;

In response to these recommendations, OSM worked diligently with the Department of the Interior and Office of Management and Budget (OMB) officials in drafting legislative changes to the AML program. Legislation was presented in both the House (H.R. 3778) and Senate (S.2049 & S.2086). In part, the legislative changes seek to extend the authorization of fee collection authority while balancing the interests of all coal states and focusing on the need to accelerate the cleanup of dangerous abandoned coal mines by directing funds to the highest priority areas so that reclamation can occur at a faster rate, thereby removing the risks to those who live, work and recreate in the coalfields as soon as possible. Although the legislation was not passed, OSM continues to work with Congress to review current bills for AML reauthorization. For the fee extension, after several provisions to extend the fee for limited timeframes, the fee is now extended until June 30, 2006. The 2007 budget includes a proposal for an interim extension of OSM's AML fee collection authority through September 30, 2007. This extension will allow the continuation of reclamation activities under current law, while allowing the Administration to continue working with Congress on finding an appropriate, fiscally responsible and fair, long-term resolution to the reauthorization discussion.

- Develop long-term measures that are more outcome oriented and develop at least one efficiency measure.

OSM, States and Tribes developed more meaningful performance measures and collected data from States and Tribes for those measures in FY 2004. The measures are:

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- Number of stream-miles for which degradation from past surface coal mining has been improved.
- Number of surface acres of water for which degradation from coal mining has been improved.
- Number of active partnering and leveraging agreements.
- The amount of increased funds derived from active partnering and leveraging agreements.
- Number of people with reduced exposure potential to safety risks from abandoned mine lands.
- Percentage of declared emergencies abated within six months.
- Number of people directly affected (emergency abatements).
- Percent of AML grant funds obligated nationally by States and Tribes.

Baseline data has been reviewed for many measures, however, OSM continues to review data and refine its data collection to ensure that it is valid and determine if targets need to be adjusted.

For the FY 2005 PART review, OSM reviewed the regulation of surface coal mining activities. The principal findings from that review are:

- The purpose of the regulatory program is clear, as articulated in SMCRA.
- An independent auditor has not reviewed the regulatory program. However, States and Indian Tribes assess the program annually through meetings and conferences held throughout the year.
- Measurable outcome-based performance goals are needed to effectively and efficiently guide management of the program.

In response to the third finding above, OSM has held several meetings in 2003 - 2004 with State representatives to develop new measures. OSM is considering recommended measures from those meetings in its development of final measures. Furthermore, as a result of a review by DOI's Office of Inspector General issued October 2004, OSM initiated a study using trend data and ratios of past mining and reclamation of mined sites to identify data elements, determine availability of data, and further develop a measure for its regulatory accomplishments. OSM has developed a performance goal that would measure accomplishments by the ratio of cumulative reclaimed (restored) acreage to cumulative mined acreage (represented by bonded acreage). This measure is included as a proposed PART measure in our performance table.

For the FY 2006 budget process, OSM's Federal Regulatory and Abandoned Mine Land Program was evaluated. The scope of this review included the components of Federal regulation of mining operations in 12 states and on Indian Lands, recommendations on mining plans on Federal Lands; Federal reclamation of abandoned mined lands through high priority and emergency projects; and associated support costs such as technology development and training.

Results showed that the program is needed and well run. Performance measures for the regulatory program need further development as previously indicated in the FY 2005 PART. As stated above, OSM has developed its proposed final out-come measure in response to this recommendation. In addition, the PART recommended that FY 2006 funding be targeted to increase the technical capacity of OSM staff and inspectors. The FY 2006 enacted budget is consistent with that recommendation and provides for funding increases in OSM's National Technical Training Program and Technical and Innovation and Professional Services programs. The FY 2007 budget request continues with that commitment.

The FY 2007 Budget request continues to support the PART recommendations.

***c) Cost and Performance***

OSM will continue its efforts to make ABC an integral part of normal operations, and support the goal of linking budgets and performance. The reclamation program area of Watershed Cooperative Agreements shows a distinct correlation between funding and program results. The National Technical Training Program and Technical Innovation and Professional Services (TIPS) programs are other activities where needs, costs and performance can be clearly demonstrated. In addition, ABC data was used in reviewing the Missouri Program.

Cost reports are generated semi-annually and annually, although data is available to managers on a real-time basis through OSM's MAPS reports which are directly linked to its ABACIS financial system. With that data in hand, managers have the information needed to review costs and performance of their functions and programs.

As the availability of information has evolved, so too has its application. For example, OSM initially relied on the ABC data in developing a five-year work force plan. Matching activity costs and expected workload facilitated decisions on future allocation of resources. OSM has measured the abandoned mine reclamation fee collection rate, and the cost required to achieve it. By using the data to help identify areas for work process improvements, program staffing was reduced for this function and costs contained. The experience being gained in these areas provides a basis for broadening the use of ABC and deriving program performance levels.

At the Department level, OSM is committed to ensuring the work activities are consistent with and can be linked to those of the bureau. OSM is participating in the Department's cost system planning and development so that information needs at all management levels are met.

**2. Strategic Management of Human Capital**

OSM faces challenges in managing the attrition in its talent pool that is expected to occur in the next few years.

OSM managers prepared workforce plans for their respective areas covering FY 2004 through FY 2008. The workforce plans became the base document for OSM's submission and subsequent approval of VERA/VSIP in FY 2004. These plans were updated to identify progress

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made during FY 2005 and to identify goals through FY 2009. OSM managers are using workforce plans to identify and address mission critical occupations and competencies, and the plans have become an integral part of position classification and recruitment requests by senior management. OSM workforce plans are also considered when determining current and out year budgetary requirements.

In our efforts to make OSM “Employer of Choice” an exit survey, administered by our EEO office, is being used to gather input on working conditions. The results of the surveys are used to improve working conditions and employment practices. In addition, OSM considers supervisor input about the quality of hires to ensure that they are satisfied with the applicant pool and that it meets our requirements for diversity in the workforce.

OSM has recently moved our General Schedule employees from a two tier performance management system to a five level performance management system. On-line training for the five level system has been made available to all OSM employees. Certification has been received from OPM and OMB for our SES performance management system which incorporated provisions of GPRA, PMA, and other performance-related goals into SES performance standards.

OSM is tracking diversity and under-representation. The Office of Equal Opportunity and the Division of Human Resources have recently met to discuss and ultimately prepare a strategic plan for achieving and maintaining a highly skilled and diverse workforce for OSM. The plan would cover such areas as educating managers and supervisors on diversity, recruitment, retention, and quality of life programs. The Department and OSM have established a Zero Tolerance for discrimination, harassment and retaliation.

In addition, in order to fully implement the Equal Employment Opportunity Commission new MD-715, changes must be made in our current Federal Personnel Pay System. MD-715 requires additional collection and retrieval data in order to complete pertinent reports to EEOC and the Department. Although this will be an overall Departmental initiative, each bureau will continue to assist in the cost of these necessary changes during FY 2006 and 2007. Also, a bureau-wide tracking system will be necessary for employee training.

### Shared Services

OSM is studying shared services for its human resources and equal employment opportunity functions with the Minerals Management Service. This study is reviewing various aspects of those programs to see where shared services would be beneficial and cost effective. The objectives of the review are to: identify strengths and best practices within existing program segments, explore the potential for maximizing identified strengths on a shared basis, and identify any potential barriers that will need to be resolved. Results will be available in time for implementation in FY 2007.

### **3. Competitive Sourcing**

OSM developed and completed a competitive sourcing plan that identified the functions and activities to be studied throughout OSM. Studies were completed where appropriate. OSM does not plan to conduct any future competitive sourcing studies due to the small number of FTE identified as being commercial in nature and appropriate for study. The Division of Administration maintains a presence on the Departmental Center for Competitive Sourcing Excellence working group as an active member to ensure OSM needs and requirements are met. Annually, the Division of Administration provides guidance in the completion of the FAIR Act Inventory to identify all functions throughout OSM and their designation as either inherently governmental or commercial in nature. OSM completed the FAIR Act Inventory in FY 2005.

OSM does not have plans at this time for future studies in FY 2007. Therefore, there are no funds in the budget for competitive sourcing studies.

### **4. Financial Performance**

Financial Statements: Accomplishments in this area include 15 consecutive years of unqualified audit opinions, ending in FY 2005. The 2005 audit was accomplished under shortened Departmental and Government-wide financial statement reporting deadlines; reflected five years of clean opinions on internal controls and FFMI compliance; and reflected OSM's desire to be a leader in the Departmental efforts in cost accounting. OSM's web-based management information system continues to allow for wide access and automated administrative reports which allow us time to complete the increasing workload required by departmental initiatives and cost accounting improvements.

Improved Financial Performance: OSM is also on the forefront of the Department's move to integrate finance and business management systems. The new Departmental system, called Financial and Business Management System (FBMS), is an enterprise resource management system which will standardize many of the administrative and financial processes within the Department of the Interior. OSM is among the first bureaus implementing FBMS, which is currently scheduled for October 2006. We will be reviewing processes and making changes in FY 2006 to prepare for this implementation. OSM expects existing processes to be completely redesigned during FY2007 and FY2008. As other bureaus convert to FBMS in FY 2007 and FY 2008, and as further changes, refinements and upgrades are implemented, OSM fully expects to make additional changes in our processes and procedures.

OSM also expects to implement new processes that currently are not incorporated into the standardized FBMS solution, such as an integrated investment module. In addition, OSM will be implementing the redesign of its new revenue system, the Coal Fee Collection Management System (CFCMS), in FY 2007. The current systems are becoming increasingly more difficult to maintain, and OSM has concluded that the existing systems must be replaced in order to maintain the high rate of financial performance and clean audit opinions that we have come to expect.



The CFCMS will also allow OSM to streamline its accounts receivable financial reporting processes. Currently, the data from the three existing systems must be downloaded and manipulated using spreadsheets. This process is both time-consuming and error prone, and new reports are difficult to produce. Also, data from two of the existing systems must be manually input to the general ledger. The new system will provide both better management reporting using contemporary report-writing software, and an automated interface with the general ledger. This will help OSM achieve the President's initiatives of accelerating year-end reporting and producing quarterly financial statements. The new system will also produce real time output data for OSM's activity based costing program.

The CFCMS will also support the Department of the Interior's plans to migrate all Bureaus to a new financial accounting system. The re-designed CFCMS system will be designed to handle change and to interface with the Department's FBMS system.

Revised OMB Circular A-123: In January 2005, OMB published revised Circular A-123, which takes effect in FY 2006. Among other things, the revised Circular places additional emphasis on Financial Reporting by requiring a new certification by bureau directors each year (similar to the requirements imposed on the private sector by the Sarbanes Oxley Act). The Circular also requires agencies to adopt an integrated internal control framework for implementing the Federal Managers Financial Integrity Act, which will require new processes to be developed within OSM.

## **5. Expanding Electronic Government**

Interior is an active participant in many E-Government initiatives, providing leadership, funding, and in-kind technical and staffing support. These initiatives strive to eliminate redundant systems and significantly improve the government's quality of customer service for citizens and businesses. The Department is the managing partner for two E-Government projects – Recreation One-Stop and Geospatial One-Stop. Interior is serving as one of the government-wide service providers for the e-Payroll initiative and is a leader in the E-Authentication project.

Department-wide spending for E-Government activities that will benefit OSM (excluding fee for service payments) are reflected in the new budget numbers. Additionally, the Department is also implementing e-Travel in an integrated fashion with the Financial and Business Management System being implemented in FY 2007. Funds to support e-Travel are included in the FBMS budget under Departmental Management.

In addition, OSM has recently implemented the President's E-Government initiative through participation in Grants.gov, the Federal government's electronic grants administration system. OSM is the first bureau within the Department of the Interior to use the electronic grants processing function of the Department's FBMS, which will have system-to-system connections with Grants.gov to facilitate announcement of grants opportunities and receipt of grant applications through the Grants.gov system.

OSM's National Technical Training Program is participating in and supporting the E-Government initiative through the Department's Learning Management System (LMS). The LMS will provide OSM with on-demand competency management, e-learning tools and services, and training data management (tracking training dollars with on-the-job performance and other human capital initiatives to support OSM's mission).

OSM will also continue with several initiatives reported in previous fiscal years such as its Home Page, reclamation fee reporting, and web-based abandoned mine land inventory system.

## **6. Other Information Technology Initiatives**

Enterprise Service Network: Interior is deploying the Enterprise Services Network to provide secure, state-of-the-art internet and intranet connections and a fully functional operational center for data communications that will be used by the entire Department. In addition to providing better services for many Interior offices, the system will provide a uniformly secure environment, standardized and efficient 24 hour/7 day operations, and improved technical support. ESN will also facilitate efforts to consolidate directory services, web hosting, messaging, data warehousing and other applications and systems.

The return on investment for this system is high. Up-front investments, including the redirection of bureau telecommunication savings, will, in the long-term, result in reduced costs with elimination of duplicative networks, improved performance of data services with less "down time" for many offices, skilled and knowledgeable staff trained to operate standardized and centralized operations, and better support for E-Government initiatives.

Phase I of ESN reduces the Department's current 13 Wide Area Networks to one and 33 internet access points to five. During 2006, the Department will also plan Phase II to expand secure connections to approximately 150 sites located primarily in large cities and approximately 1,500 hubs at other Interior locations.

OSM completed its service transition to the ESN in August 2005. OSM is now fully managed by the MCI network and security staff located at the Network Operations and Security Center. This has provided OSM the opportunity to redirect staff resources away from network management to other IT endeavors. OSM's network security posture has been significantly enhanced and strengthened because of the security services provided by ESN. OSM security efforts can focus exclusively on internal applications, desktops, servers and FISMA requirements instead of the network security. Also, OSM has fully deployed to ESN's VBNS+ service architecture that will significantly reduce outages and poor network performance problems that prevented program staff from completing their assignments.

Active Directory: DOI is in the process of launching Active Directory a centralized and standardized system that will assist the agency in automating network management of user data, security, and distributed resources. Implementations of AD enables inter agency operation and integration with other directories. OSM has completed implementation of AD and connected to DOI.Net root services. OSM has completed migration of user objects necessary for HSPD-12,

ESN and FBMS 1A prior to the stated dates needed for implementation of those projects. OSM is currently procuring and installing software necessary to provide a secure Enterprise management of the AD Infrastructure. OSM has begun to leverage AD in deploying software and managing access in application services for its data center.

Homeland Security Presidential Directive No. 12 (HSPD-12): The vision of the HSPD-12 project is that DOI employees will have one electronic identity throughout DOI and the Federal Government, thereby eliminating the myriad of passwords, identities, and required log-ins. This single identity will be recognized not only within DOI, but also by all components of the Federal Government. OSM is working with DOI's National Business Center (NBC) to initiate a Pilot for the implementation of HSPD-12. OSM is working with the DOI OCIO and NBC to prepare a plan for all employees to use Smartcard to gain logical access to appropriate DOI-controlled systems by October 2006. OSM will migrate to HSPD-12 as soon as the DOI infrastructure can support the effort. OSM's OCIO resources will be made available to ensure the effort is achieved by dates determined by the expected DOI implementation plan.

Enterprise Messaging System (EMS): DOI Enterprise Messaging System (EMS) will consolidate 3 messaging platforms including Lotus Notes, GroupWise and Microsoft Exchange to only Exchange. OSM has completed Phase I of its transition to Exchange and this project provides DOI with a working model that can be replicated by other bureaus. The transition to Exchange and away from Groupwise has allowed OSM to become fully compliant with the Zantaz requirement for archiving email as mandated by the Federal court. OSM has reduced its overall email server architecture and is now positioned to fully participate with other enterprise initiatives planned for FY 2006 and FY 2007.

Capital Planning Investment Control: In accordance with Interior and Bureau goals, OSM in the area of Capital Planning is striving to reach Information Technology Investment Maturity level 2. The organization has worked to develop plans of action to develop an effective IT capital plan to ensure that IT projects are well planned, well funded, well executed and use a clear investment strategy. OSM continues to improve our capital planning program in several ways. OSM is continuously expanding awareness and training of the capital planning investment control (CPIC) process and associated electronic tools through training programs for system owners, and other employees related to meeting bureau mission needs through effective capital planning for supportive and cost-effective information solutions. OSM continues to develop its IRM CPIC in the areas of project management and performance. OSM implemented an aggressive training and education program in the form of workshops to develop its IRM CPIC program in 2005 and benefits from this will continue in FY 2006 and FY 2007.

Enterprise Architecture (EA): OSM over the past three years has embarked on an ambitious performance based track to develop a modernization blue print that aligns IT with the Interior Business Lines. OSM is currently updating its EA to reflect the agencies TRM and integration of key DOI enterprise initiatives.

Throughout the 2006 - 2007 period, OSM plans to remain an active participant in the DOI-Enterprise Architecture Program to become fully aligned with the OMB-FEA. Through contract support OSM initiated planning for development and implementation of business modernization

blueprints. OSM continues to commit significant staff resources toward improving our operational efficiency, data sharing capability, and elimination of system redundancies through early migration to the DOI Financial and Business Management System (FBMS). As individual functional modules of FBMS become available they will be utilized by OSM and many of our legacy systems (ABACIS, E-Budget, MAPS, Travel-Manager, and Property Management) will be migrated over to the new program.

IT Certification and Accreditation (C&A): OSM's has embarked on a strategic path in concert with Interior to improve IT Security. In 2005, OSM strengthened its IT security program by accelerating the timeframes for completing C&A using government-wide standard processes. OSM has completed third-party C&A reviews over the past three years in an effort to enhance and improve its security posture. OSM has significantly improved its security posture, through creating awareness, C&A's, testing and controls, and annual reviews. OSM completed C&A for all of its systems and enclaves in July 2005. The culmination of these efforts has resulted in Plans Of Action and Milestones (POAM's) to reduce vulnerabilities and risk in IT. OSM is in the process of remediation of identified risks and establishing the necessary security program infrastructure to allow ongoing maintenance of accreditation status in an efficient and effective manner.

OSM will continue to significantly improve its risk management and security posture in 2007. Our strategy is to effect enterprise wide guidance and activities concerning policies and procedures, risk management, the identification and selection of compensating controls to mitigate or transfer risk, and improving our existing security review and monitoring activities. The implementation and maturation of these four disciplines (policies, risk management, controls, and monitoring), make up the central core of our security program, and our goal is to advance the enterprise from Level 1 (ad hoc) in 2005, to Level 2 in 2006 (repeatable) and Level 3 (detailed) in 2007. Core components of our strategy includes strengthening and improving risk management and controls, asset/data classification, incident handling, targeted IT security training and workshops, defense in depth tactics, least privilege, VPN/remote access, and other foundational security best practices.

Records Management: OSM continues to improve the Records Management program in several ways. As OSM enhances recordkeeping through the use of expanded electronic government, we will institute a continual training program for employees, providing awareness of disposition authority and guidance regarding maintenance of government records. OSM plans to include Records Management at the onset of technological enhancements as we streamline agency operations. OSM also plans to support the implementation of the Departmental Records Management CBT by providing annual training in headquarters and all OSM regions.

## **7. Research and Development (R&D)**

The Department is using the Administration's Research and Development (R&D) investment criteria to assess the value of its R&D programs. Please see Budget Exhibit 9 for a discussion of the Department's and Bureau efforts in the use of R& D Criteria.

## **8. Asset Management**

DOI completed a draft Asset Management Plan (AMP) in March 2005, and it has been approved by OMB. With this DOI AMP, an implementation plan is included for both the Department and for the bureaus. In this implementation plan, DOI plans to develop a standard template for bureau AMPs. Bureaus are required to have a completed bureau AMP by the third quarter of FY 2006, which will follow Federal Real Property Council (FRPC) guidance along with the standardized DOI-issued template. Comprehensive condition assessments and facility condition index baseline and targets are required in the AMPs for all real property. OSM does not have any real property other than vehicles, as OSM obtains and manages all space through full service General Services Administration (GSA) Occupancy Agreements (OAs). As such, GSA reports the status of these facilities to the Federal Real Property Inventory without input from the OSM. OSM Occupancy Agreements do not require comprehensive condition assessments, or facility condition indexing. OSM will support the Department's AMP.

OSM reviews space needs on a recurring basis, determining where to obtain efficiencies that align the OAs with the OSM mission. For vehicles, OSM reviews needs annually, and is developing a Five Year Vehicle Plan that strategically aligns and resizes the OSM fleet to directly support the OSM mission. These are the only capital assets OSM acquires or owns, and the Five Year Vehicle Plan addresses total life cycle costs, including discussion and evaluation of the value of obtaining the vehicles through rental agreements with GSA, similar to the process OSM uses for obtaining space through GSA OAs.

## **9. Additional Priority Management Improvement Initiatives**

Vehicle Management: OSM developed the framework for a more detailed Five Year Vehicle Plan to ensure the maximum use of the fleet nationwide to achieve our mission. In addition, this plan will give guidance to "right-size" the fleet for maximum return. Over the last decade, OSM has aggressively pursued the reduction of the fleet for maximum savings; future recognizable savings may only be minor, relatively small budget savings. OSM's vehicle management staff will continue to monitor the use of vehicles nation-wide, and institute costs savings where possible. A change in vehicle management proposed for FY 2007 is the charge of approximately \$225,000 for fuel to the program areas where the vehicles are being used instead of a central headquarters account. This technical change is consistent with our understanding of how the future financial system (FBMS) will handle charges associated with vehicles.

Space Management: OSM will continue close monitoring of the cost of space nationwide, and where appropriate, will begin discussions with the General Services Administration (GSA) to

return under utilized or surplus portions of space at all locations. OSM has the option through the Occupancy Agreements (OAs), to return entire locations or parts of occupied space to GSA with only a 120-day notice. This ability to return partial space is dependent upon the GSA's ability to utilize the returned partial space as a new rental unit. Where the partial space is unsuitable for further rental, OSM cannot return the space to GSA. Given the small size of most OSM offices, the opportunities for availing of the return policy to reduce costs are minimal. Other options, such as moving to less costly space, are dependent upon the completion of the required tenancy under the OA, normally in five or ten year blocks. OSM also has established offices within designated Central Business Districts, Federal buildings or rural areas as required in various Executive Orders.

Travel and Transportation : OSM is currently in the process of converting its core financial system to the new Department of the Interior (DOI) Financial and Business Management System (FBMS). This conversion is scheduled to occur during FY 2007. The FBMS system will contain an E-Travel module. This module will provide a DOI-wide web-based service to consolidate travel functions, provide improved services to government employees, and minimize costs. E-Travel will combine administrative, financial and information technology best practices to produce cost savings and improved employee productivity from travel planning and authorization through the employee reimbursement process. Efficiencies are expected by eliminating paper-based processes, replacing fragmented systems, expanding travel-related services that are available to Federal employees, providing on-line transaction processing and creating a self-service environment that is easy to use.

Relocation: OSM is one of the first bureaus to implement the FBMS. The conversion to FBMS is scheduled for FY 2007. An Electronic Permanent Change of Station Module will be integrated in the FBMS system.

Partnerships:

In FY 2007, OSM will build on its impressive record of broad consultation with public and private organizations, federal and state agencies, and regional and local watershed groups. Using federal watershed assistance money to leverage contributions from numerous other sources, OSM will continue to forge partnerships to restore streams damaged by past coal mining activity. OSM and its partners will continue developing new and innovative acid mine drainage treatment initiatives to reclaim damaged streams. We will continue to link federal programs and funding initiatives to benefit coal country watersheds and small watershed groups that have little direct and timely access to these programs.

Through our arrangement with Volunteers in Service to America (VISTA), OSM will continue sponsoring full-time VISTA volunteers to work directly with local watershed groups and regional conservation organizations to restore streams in several states. Working with the U.S. Environmental Protection Agency, we will continue outreach to coal communities in Appalachia to help local leaders and citizens better understand how they can participate in our efforts to remediate acid mine drainage problems.

In our technical area, OSM has made great strides in advancing technology transfer with our States, citizens, industry, and academia. Technology transfer aids in the achievement of on-the-

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ground improvements in mining and reclamation by ensuring that the latest technologies are available to all parties—our citizens, the mining industry, the States, and academia. Through intensive partnerships with our coal producing States, we continue to move forward with new and innovative ways to enhance technology transfer. Each OSM region hosts a regional technology transfer team that interacts with the National Technology Transfer Team. Through these teams, technology is shared and technical needs are determined and coordinated to ensure efficiencies in delivery through technical forums, workshops, summits, etc. Through consultation, cooperation, and communication, the States and OSM work together in the interest of conservation by ensuring that the technologies for better mining and reclamation are available to all.

Another demonstration of partnerships is the Appalachian Regional Reforestation Initiative (ARRI), which is a broad based initiative relying on cooperation between industry, government, environmental organizations and private citizens to restore the forests of Appalachia. The goals of ARRI are twofold: 1) to plant more high-value hardwood trees on reclaimed coal mine lands in Appalachia and 2) to increase the survival and growth rates of the planted trees.

Service First: One of the goals of Firstgov is to help the customer find and do business with government online. OSM's implementation of this goal is demonstrated by the redesign of the Applicant/Violator System. In FY 2004, the AVS Office conducted market research and determined that hosting the system by a private contractor, rather than by the government, would result in substantial savings. The savings were utilized to redesign the AVS into a web-based system allowing citizens, state and federal agencies, and the industry access to data via the internet. Enhancements to the redesigned system will allow the coal industry to submit data electronically, or citizen's to research a company's compliance history. Additional research is underway to utilize the infrastructure available from EPA's Central Data Exchange system to share data between the existing state systems and AVS which eliminates dual data entry, a savings to the States. Finally, it is important to note that the AVS office has accomplished the above while maintaining a customer service satisfaction rate of 97%. In FY 2007, we will continue to explore ways to implement this important initiative.

**Performance Summary:**

OSM strives to improve planning, eliminate duplicative processes, and involve stakeholders. OSM deals with both State and Federal agencies, is responsible for both Federal and private lands, reclaiming and protecting diverse sites, and enhancing technology transfer among many constituents. Although a small bureau, OSM is positioned to lead such efforts, particularly those related to implementing that part of a comprehensive energy strategy involving coal mining in an economically and environmentally viable manner.

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OSM serves as a policy leader and coordinator with its partners in carrying out the responsibilities of SMCRA. OSM is an innovator in promoting the effective administration of the Surface Mining Program and maximizing land and water restoration with available funds.

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OSM's budget proposal supports the Department in three mission goal areas: Resource Protection, Resource Use and Serving Communities. The budget proposal provides funding requirements and associated performance measurements in accordance with the plan. A funding table is provided which portrays the budget request consistent with these mission areas.

Additionally, this budget request describes its needs through strategic goals and associated performance measures through the traditional budget structure. OSM's Business Lines are:

- Environmental Restoration;
- Environmental Protection;
- Technology Development & Transfer;
- Financial Management; and
- Executive Direction and Administration.

This budget has integrated OSM's performance goals and measures in support of its Business lines and the Department's goals. Each of the following chapters, arranged by Business Line, contains the detailed relationship of OSM's funds, goals, and performance to the Department of the Interior mission goals. The "Goal Performance Tables" Tab contains all OSM performance goals and targeted measures for FY 2007.

Data Validation and Verification

OSM is confident that the data presented in this report are reliable for use as a decision-making tool and showing program performance over time. Data validation and verification is accomplished through a three prong approach using: 1) audits by external staff from the Office of the Inspector or the Administration's Program Assessment Rating Tool; 2) periodic reviews coordinated by OSM's Office of Planning, Analysis, and Budget; and 3) an annual self-assessment by program managers.

The annual self-assessment by program managers complies with the Department of the Interior's Data Validation and Verification Guidance. The assessment covers the major area of data validation and five areas within data verification. The five areas dealing with data verification



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are: standards and procedures; data entry and transfer; data security and integrity; data quality and limitations; and oversight and certification. This assessment will be valuable in testing for potential weaknesses or gaps, and will elevate data validation and verification systems to ensure an acceptable functional level.

OSM collects information through various information systems primarily from multiple internal operations and from the 24 States and 4 Indian Tribes participating in OSM programs. Abandoned Mine Land Program information is generally collected through the Abandoned Mine Land Inventory System (AMLIS). AMLIS is a computer database used by the State Reclamation Programs and maintained by OSM. In accordance with the requirements of SMCRA, AMLIS contains data for known Priority 1 and 2, pre-SMCRA coal reclamation problems. Data collection methods are conducted in accordance with an agency policy directive, which was developed in cooperation with the States.

Regulatory Program data collection methods are also conducted in accordance with an agency policy directive, which was developed in cooperation with the States. The data is collected from OSM field offices through an internet-based system.

Customer service information for the Technology Development and Transfer programs are based on customer survey forms and class training records.

OSM recognizes that data must serve their intended purposes and stand up to independent, objective external inspection, as well as to internal control reviews and audits. A recent DOI Office of the Inspector General evaluation report on coal regulatory programs recommended that both staff and management levels be involved with data accuracy and reliability. OSM implemented procedures consistent with DOI's Data Validation and Verification Guidance to address this recommendation in FY 2005. OSM is committed to demonstrating that data meets the guidelines established.

**Proposed Appropriation Language Changes:**

**Regulation and Technology**

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; [~~\$110,435,000~~]: Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2006] for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: Provided further, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training. (Department of the Interior, Environment, and Related Agencies Appropriations Act, 2006.)

\$112,109,000  
2007

**Abandoned Mine Reclamation Fund**

For necessary expenses to carry out the provisions of title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, [\$188,014,000] to be derived from the receipts of the Abandoned Mine Reclamation Fund and to remain available until expended; of which up to \$10,000,000, to be derived from the Federal Expenses Share of the Fund, shall be for supplemental grants to States for the reclamation of abandoned sites with acid mine rock drainage from coal mines, and for associated activities through the Appalachian Clean Streams Initiative: Provided, That grants to minimum program States will be \$1,500,000 per State in fiscal year [2006]: Provided further, That pursuant to Public Law 97-365, the Department of the Interior is authorized to use up to 20 percent from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts: Provided further, That funds made available under title IV of Public Law 95-87 may be used for any required non-Federal share of the cost of projects funded by the Federal Government for the purpose of environmental restoration related to treatment or abatement of acid mine drainage from abandoned mines; Provided further, That such projects must be consistent with the purposes and priorities of the Surface Mining Control and Reclamation Act: Provided further, That amounts allocated under section 402(g)(2) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(g)(2) as of September 30, [2005], but not appropriated as of that date, are reallocated to the allocation established in section 402(g)(3) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(g)(3)): Provided further, That the State of Maryland may set aside the greater of \$1,000,000 or 10 percent of the total of the grants made available to the State under title IV of the Surface Mining Control and Reclamation Act of 1977, as amended (30 U.S.C. 1231 et seq.), if the amount set aside is deposited in an acid mine drainage abatement and treatment fund established under a State law, pursuant to which law the amount (together with all interest earned on the amount) is expended by the State to undertake acid mine drainage abatement and treatment projects, except that before any amounts greater than 10 percent of its title IV grants are deposited in an acid mine drainage abatement and treatment fund, the State of Maryland must first complete all Surface Mining Control and Reclamation Act priority one projects: Provided further, That amounts provided under this heading may be used for the travel and per diem expenses of State and tribal personnel attending Office of

\$185,936,000

2007

2006

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Surface Mining Reclamation and Enforcement sponsored training.  
(30 U.S.C. 1231 et seq.: Department of the Interior, Environment,  
and Related Agencies Appropriations Act, 2006.)

**Interior Administrative Provisions**

With funds available for the Technical Innovation and Professional Services program in this act, the Secretary may transfer title for computer hardware, software and other technical equipment to the State and Tribal regulatory and reclamation programs.

**Interior General Provisions**

Section 402(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(b)) as of [September 30, 2005] [June 30, September 30, 2007 2006] is amended.

**Justification of Language Changes**

*Regulation and Technology:*

No changes.

*Abandoned Mine Reclamation Fund:*

Language is proposed under the Department of the Interior's General Provisions to extend the collection of the AML fee (Section 402(b)) through September 30, 2007. This interim extension will allow the continuation of reclamation activities under current law, while allowing the Administration to continue working with Congress on finding an appropriate, fiscally responsible and fair, long-term resolution to the reauthorization discussion.

Office of Surface Mining Reclamation and Enforcement

DEPARTMENT OF THE INTERIOR

SUMMARY OF REQUIREMENTS (in thousands of dollars)

| APPROPRIATION:                                      | REGULATION AND TECHNOLOGY |       |     |         | ABANDONED MINE RECLAMATION FUND |      |     |         |
|---|---------------------------|-------|-----|---------|---------------------------------|------|-----|---------|
|   | FTE                       | \$\$  | FTE | \$\$    | FTE                             | \$\$ | FTE | \$\$    |
| FY 2006 ESTIMATE                                    |                           |       | 367 | 108,909 |                                 |      | 198 | 185,248 |
| UNCONTROLLABLE & RELATED CHANGES:                   |                           |       |     |         |                                 |      |     |         |
| Adjustment for Pay Raise - Jan 06                   |                           | 185   |     |         |                                 | 99   |     |         |
| Adjustment for Pay Raise - Jan 07                   |                           | 412   |     |         |                                 | 216  |     |         |
| Adjustment for Worker's Compensation                |                           | -11   |     |         |                                 | -6   |     |         |
| Adjustment for Unemployment Compensation            |                           | -8    |     |         |                                 | -5   |     |         |
| Adjustment for GSA space rent rate                  |                           | 244   |     |         |                                 | 132  |     |         |
| Adjustment for Empl'r Share of Fed Hlth Benft Plans |                           | 160   |     |         |                                 | 83   |     |         |
| Adjustment for Working Capital Fund                 |                           | 251   |     |         |                                 | 135  |     |         |
| TOTAL Adjustment for Uncontrollables                |                           | 1,233 |     | 1,233   |                                 | 654  |     | 654     |
| Program Changes                                     |                           |       |     | 2,067   |                                 |      |     | 34      |
| Total Requirements (2007 request)                   |                           |       | 367 | 112,209 |                                 | 654  | 198 | 185,936 |

|                                  |      | REGULATION AND TECHNOLOGY |                 |  |                    |                 | ABANDONED MINE RECLAMATION FUND |                 |  |                    |                 | TOTAL           |                 | Inc. (+)<br>Dec. (-)<br>From<br>2006 |
|----------------------------------|------|---------------------------|-----------------|--|--------------------|-----------------|---------------------------------|-----------------|--|--------------------|-----------------|-----------------|-----------------|--------------------------------------|
| Comparison by<br>Business Lines  |      | 2005<br>Actual            | 2006<br>Enacted | Fixed<br>Costs &<br>Related<br>Changes | Program<br>Changes | 2007<br>Request | 2005<br>Actual                  | 2006<br>Enacted | Fixed<br>Costs &<br>Related<br>Changes | Program<br>Changes | 2007<br>Request | 2006<br>Enacted | 2007<br>Request |                                      |
| Environmental<br>Restoration     | \$\$ | 257                       | 255             | 2                                      | 0                  | 257             | 167,861                         | 167,609         | 246                                    | 0                  | 167,855         | 167,864         | 168,112         | +248                                 |
|                                  | FTE  | 1                         | 1               | 0                                      | 0                  | 1               | 93                              | 96              | 0                                      | 0                  | 96              | 97              | 97              | 0                                    |
| Environmental<br>Protection      | \$\$ | 79,821                    | 78,395          | 570                                    | 2,000              | 80,965          | 0                               | 0               | 0                                      | 0                  | 0               | 78,395          | 80,965          | +2,570                               |
|                                  | FTE  | 197                       | 204             | 2                                      | 0                  | 206             | 0                               | 0               | 0                                      | 0                  | 0               | 204             | 206             | 2                                    |
| Technology<br>Dev. &<br>Transfer | \$\$ | 13,300                    | 14,903          | 198                                    | 0                  | 15,101          | 4,479                           | 3,864           | 46                                     | 0                  | 3,910           | 18,767          | 19,011          | +244                                 |
|                                  | FTE  | 92                        | 97              | 0                                      | 0                  | 97              | 20                              | 22              | 0                                      | 0                  | 22              | 119             | 119             | 0                                    |
| Financial<br>Management          | \$\$ | 485                       | 481             | 4                                      | 0                  | 485             | 8,444                           | 6,142           | 111                                    | 0                  | 6,253           | 6,623           | 6,738           | +115                                 |
|                                  | FTE  | 2                         | 2               | 0                                      | 0                  | 2               | 46                              | 46              | 0                                      | 0                  | 46              | 48              | 48              | 0                                    |
| Executive Dir.<br>& Admin.       | \$\$ | 14,505                    | 14,875          | 459                                    | 67                 | 15,401          | 7,421                           | 7,633           | 251                                    | 34                 | 7,918           | 22,508          | 23,319          | +811                                 |
|                                  | FTE  | 60                        | 63              | 0                                      | 0                  | 63              | 31                              | 34              | 1                                      | 1                  | 35              | 97              | 98              | 1                                    |
| TOTAL                            | \$\$ | 108,368                   | 108,909         | 1,233                                  | 2,067              | 112,209         | 188,205                         | 185,248         | 654                                    | 34                 | 185,936         | 294,157         | 298,145         | +3,988                               |
|                                  | FTE  | 352                       | 367             | 2                                      | 0                  | 369             | 190                             | 198             | 0                                      | 1                  | 199             | 565             | 568             | +3                                   |

**DEPARTMENT OF THE INTERIOR**  
**Office of Surface Mining Reclamation and Enforcement**  
**Fixed Cost Changes**  
**(Dollars in Thousands)**

**Appropriation: Regulation and Technology**

Additional Operational Costs from 2006 and 2007 of January Pay Raises

|  | 2006<br>Budget<br><u>Change</u> | 2006<br>Revised<br><u>Change</u> | 2007<br><u>Change</u>               |
|--|---------------------------------|----------------------------------|-------------------------------------|
| 2006 Pay Raise, 3 Quarters in 2006 Budget..... | \$520                           | \$513                            | NA                                  |
| Amount of pay raise absorbed.....              | [\$0]                           | [\$188]                          | NA                                  |
| 2006 Pay Raise, 1 Quarter.....                 |                                 |                                  | +185                                |
| Amount of pay raise absorbed.....              |                                 |                                  | [\$79]                              |
| 2007 Pay Raise.....                            |                                 |                                  | 2007<br><u>Change</u><br>\$0/+\$412 |
| Amount of pay raise absorbed.....              |                                 |                                  | [\$176]                             |

These adjustments are for an additional amount needed in 2007 to fund the remaining 3-month portion of the estimated 3.1 percent pay increases effective in January 2006 and the additional costs of funding for an estimated 2.2 percent of the January 2007 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

|                                     | 2006<br><u>Bill</u> | 2006<br><u>Revised</u> | 2007<br><u>Change</u> |
|-------------------------------------|---------------------|------------------------|-----------------------|
| Workers Compensation Payments ..... | \$ 185              | \$182                  | -\$11                 |
| Amount of pay raise absorbed.....   | [\$0]               | [\$3]                  | [\$0]                 |

The adjustment is actual charges through June 2005, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2006 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.

*Office of Surface Mining Reclamation and Enforcement*

|   | <u>2006<br/>Bill</u> | <u>2006<br/>Revised</u> | <u>2007<br/>Change</u> |
|---|----------------------|-------------------------|------------------------|
| Unemployment Compensation payments..... | \$18                 | \$18                    | -\$8                   |
| Amount of pay raise absorbed.....       | [\$0]                | [\$0]                   | [\$0]                  |

This adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.

|                                   | <u>2006<br/>Budget<br/>Change</u> | <u>2006<br/>Revised<br/>Change</u> | <u>2007<br/>Change</u> |
|-----------------------------------|-----------------------------------|------------------------------------|------------------------|
| Rental Payments to GSA.....       | \$571                             | \$562                              | +\$244                 |
| Amount of pay raise absorbed..... | [\$0]                             | [\$9]                              | [\$0]                  |

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

|  | <u>2006<br/>Budget<br/>Change</u> | <u>2006<br/>Revised<br/>Change</u> | <u>2007<br/>Change</u> |
|--|-----------------------------------|------------------------------------|------------------------|
| Departmental Working Capital Fund Changes..... | \$1,776                           | \$1,780                            | +\$251                 |
| Amount of pay raise absorbed.....              | [\$0]                             | [\$18]                             | [\$0]                  |

The change reflects expected changes in the charges for Department services and other services through the working capital fund. These charges are displayed in the Budget Justification for Department Management.



*Office of Surface Mining Reclamation and Enforcement*

|  | 2006<br>Budget<br><u>Change</u> | 2006<br>Revised<br><u>Change</u> | 2007<br><u>Change</u> |
|--|---------------------------------|----------------------------------|-----------------------|
| Employer Share of Federal Health Benefit Plans ..... | \$205                           | \$202                            | +\$160                |
| Amount of pay raise absorbed.....                    |                                 | [\$3]                            | [\$69]                |

The adjustment is for changes in the Federal Government's share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11 percent, the average increase for the past few years.

**DEPARTMENT OF THE INTERIOR**  
**Office of Surface Mining Reclamation and Enforcement**  
**Fixed Cost Changes**  
*(in thousands of dollars)*

**Appropriation: Abandoned Mine Reclamation Fund**

Additional Operational Costs from 2006 and 2007 of January Pay Raises

|  | 2006<br>Budget<br><u>Change</u> | 2006<br>Revised<br><u>Change</u> | 2007<br><u>Change</u>  |
|--|---------------------------------|----------------------------------|------------------------|
| 2006 Pay Raise, 3 Quarters in 2006 Budget..... | \$290                           | \$286                            | NA                     |
| Amount of pay raise absorbed.....              | [\$0]                           | [\$105]                          | NA                     |
| 2006 Pay Raise, 1 Quarter.....                 |                                 |                                  | +\$99                  |
| Amount of pay raise absorbed.....              |                                 |                                  | [\$42]                 |
|  |                                 |                                  | <u>2007<br/>Change</u> |
| 2007 Pay Raise.....                            |                                 |                                  | \$0/+\$216             |
| Amount of pay raise absorbed.....              |                                 |                                  | [\$93]                 |

These adjustments are for an additional amount needed in 2007 to fund the remaining 3-month portion of the estimated 3.1 percent pay increases effective in January 2006 and the additional costs of funding for an estimated 2.2 percent of the January 2007 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

|                                     | 2006<br><u>Bill</u> | 2006<br><u>Revised</u> | 2007<br><u>Change</u> |
|-------------------------------------|---------------------|------------------------|-----------------------|
| Workers Compensation Payments ..... | \$ 100              | \$99                   | -\$6                  |
| Amount of pay raise absorbed.....   | [\$0]               | [\$1]                  | [\$0]                 |

The adjustment is actual charges through June 2005, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2006 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.

*Office of Surface Mining Reclamation and Enforcement*

|   | <u>2006</u><br><u>Bill</u> | <u>2006</u><br><u>Revised</u> | <u>2007</u><br><u>Change</u> |
|---|----------------------------|-------------------------------|------------------------------|
| Unemployment Compensation Payments..... | \$10                       | \$10                          | -\$5                         |
| Amount of pay raise absorbed.....       | [\$0]                      | [\$1]                         | [\$0]                        |

This adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499.

|                                   | <u>2006</u><br><u>Budget</u><br><u>Change</u> | <u>2006</u><br><u>Revised</u><br><u>Change</u> | <u>2007</u><br><u>Change</u> |
|-----------------------------------|---|--|------------------------------|
| Rental Payments to GSA.....       | \$310   | \$306  | +\$132                       |
| Amount of pay raise absorbed..... | [\$0]   | [\$4]  | [\$0]                        |

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

|  | <u>2006</u><br><u>Bill</u> | <u>2006</u><br><u>Revised</u> | <u>2007</u><br><u>Change</u> |
|--|----------------------------|-------------------------------|------------------------------|
| Departmental working capital fund changes..... | \$956                      | \$959                         | +\$135                       |
| Amount of pay raise absorbed.....              | [\$0]                      | [\$10]                        | [\$0]                        |

The change reflects expected changes in the charges for Department services and other services through the working capital fund. These charges are displayed in the Budget Justification for Department Management.

|  | <u>2006</u><br><u>Budget</u><br><u>Change</u> | <u>2006</u><br><u>Revised</u><br><u>Change</u> | <u>2007</u><br><u>Change</u> |
|--|---|--|------------------------------|
| Employer Share of Federal Health Benefit Plans ..... | \$110   | \$108  | +\$83                        |
| Amount of pay raise absorbed.....                    |   | [\$2]  | [\$36]                       |

The adjustment is for changes in the Federal Government's share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11 percent, the average increase for the past few years.

**Budget Request by DOI Strategic Plan Goals**

OSM’s Budget resources are distributed by business line across the DOI Strategic Plan goal areas. The new goal structure is organized around four Department-wide mission goals -- *Resource Protection, Resource Use, Recreation, and Serving Communities* -- and 12 underlying outcomes or results to be achieved. OSM’s funding relates to three of those four goals as identified in the summary chart below.

Budget Request by DOI Mission Component  
(Dollars in Thousands)

|                     | FY 2005<br>Actual | FY 2006<br>Enacted | FY 2007<br>Request | Change |
|---------------------|-------------------|--------------------|--------------------|--------|
| Resource Protection | 63,007            | 62,223             | 62,478             | 255    |
| Resource Use        | 110,426           | 108,778            | 112,075            | 3,297  |
| Recreation          | 0                 | 0                  | 0                  | 0      |
| Serving Communities | 123,140           | 123,156            | 123,592            | 436    |
| Total               | 296,573           | 294,157            | 298,145            | 3,988  |

OSM’s 2007 funding request will provide resources for the improvement of lands and waters degraded by past mining; promote responsible mineral extraction practices; and safeguard communities from adverse impacts from past and current mining. The table on the following page illustrates how OSM’s 2007 budget request supports the Department’s Strategic Plan. For details on OSM’s measures, refer to the “Goal Performance Tables” Tab.

Office of Surface Mining Reclamation and Enforcement

**FISCAL YEAR 2007**

**Bureau: Office of Surface Mining Reclamation and Enforcement**

**Budget Allocation Table By Strategic Plan Goal Areas**

(dollars in thousands)

| DOI Mission Goal Areas:                | Resource Protection   |                                | Resource Use                            |   | Recreation  |                             |                              | Serving Communities                          |                            |   |                                | Remaining Funds | Total          |
|--|---|--------------------------------|---|---|---|-----------------------------|------------------------------|--|----------------------------|---|--------------------------------|-----------------|----------------|
|  | Improve health of watersheds, landscapes and marine resources | Sustain biological communities | Protect cultural and heritage resources | Manage or influence resource use to enhance public benefit, promote responsible use, and ensure optimal value | Deliver water and power in an environmentally responsible and cost efficient manner | Ensure access to recreation | Ensure quality of recreation | Receive and provide fair value in recreation | Protect lives and property | Advance knowledge through scientific leadership | Fulfill trust responsibilities |                 |                |
| <b>Account Activity</b>                |   |                                |   |   |   |                             |                              |  |                            |   |                                |                 |                |
| <b>Regulation and Technology</b>       |   |                                |   |   |   |                             |                              |  |                            |   |                                |                 |                |
| Environmental Restoration              | 257   |                                |   |   |   |                             |                              |  |                            |   |                                |                 | 257            |
| Environmental Protection               |   |                                |   | 80,965  |   |                             |                              |  |                            |   |                                |                 | 80,965         |
| Technology Development & Transfer      |   |                                |   | 15,101  |   |                             |                              |  |                            |   |                                |                 | 15,101         |
| Financial Management                   |   |                                |   | 485   |   |                             |                              |  |                            |   |                                |                 | 485            |
| Executive Direction & Administration   | 42  |                                |   | 15,359  |   |                             |                              |  |                            |   |                                |                 | 15,401         |
| <b>Subtotal, R&amp;T</b>               | <b>299</b>  |                                |   | <b>111,910</b>  |   |                             |                              |  |                            |   |                                |                 | <b>112,209</b> |
| <b>Abandoned Mine Reclamation Fund</b> |   |                                |   |   |   |                             |                              |  |                            |   |                                |                 |                |
| Environmental Restoration              | 49,527  |                                |   |   |   |                             |                              | 118,328                                      |                            |   |                                |                 | 167,855        |
| Technology Development & Transfer      | 3,752   |                                |   | 158   |   |                             |                              |  |                            |   |                                |                 | 3,910          |
| Financial Management                   | 6,253   |                                |   |   |   |                             |                              |  |                            |   |                                |                 | 6,253          |
| Executive Direction & Administration   | 2,647   |                                |   | 7   |   |                             |                              | 5,264  |                            |   |                                |                 | 7,918          |
| <b>Subtotal, AML</b>                   | <b>62,179</b>   |                                |   | <b>165</b>  |   |                             |                              | <b>123,592</b>                               |                            |   |                                |                 | <b>185,936</b> |
| <b>OSM TOTAL</b>                       | <b>62,478</b>   |                                |   | <b>112,075</b>  |   |                             |                              | <b>123,592</b>                               |                            |   |                                |                 | <b>298,145</b> |

Office of Surface Mining Reclamation and Enforcement

**GOAL PERFORMANCE TABLE**

**End Outcome Goal 1.1: Resource Protection - Improve Health of Watersheds, Landscapes, and Marine Resources**

| <i>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</i>  | Type | 2004 Actual | 2005 Final Plan | 2005 Actual | 2006 Enacted | 2007 Plan | Change from 2006 Enacted to 2007 | Long-term Target (2008) 2006 Pres Budget | Long-term Target (2008) Revised | Explanations of Changes: for change from 2006 to 2007 <u>and</u> 2006 and 2008 target revisions  |
|---|------|-------------|-----------------|-------------|--------------|-----------|----------------------------------|--|---------------------------------|--|
| Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) <u>1</u> / (SP ) (PART) | F    | 6,965       | 6,900           | 6,600       | 6,900        | 6,900     | 0                                | 8,200                                    | 6,900                           | FY 2006 enacted did not include \$58 million increase for the AML program, which would have resulted in more funding for Priority 1 and 2 reclamation projects. Thus the target remains consistent with FY 2005. |
| Number of stream-miles for which degradation from past surface coal mining has been improved (SP) (PART)  | F    | 33          | 35              | 28          | 35           | 35        | 0                                | 35                                       | 35                              |  |
| Number of surface acres of water for which degradation from coal mining has been improved. (SP) (PART)  | F    | 36          | 35              | 35          | 35           | 35        | 0                                | 35                                       | 35                              |  |

*Office of Surface Mining Reclamation and Enforcement*

| <i>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</i> | Type | 2004 Actual | 2005 Final Plan | 2005 Actual | 2006 Enacted | 2007 Plan | Change from 2006 Enacted to 2007 | Long-term Target (2008) 2006 Pres Budget | Long-term Target (2008) Revised | Explanations of Changes: for change from 2006 to 2007 <u>and</u> 2006 and 2008 target revisions   |
|--|------|-------------|-----------------|-------------|--------------|-----------|----------------------------------|--|---------------------------------|---|
| Number of active partnering and leveraging agreements. (PART)                                    | C    | 74          | 56              | 110         | 56           | 56        | 0                                | 56                                       | 56                              | OSM is reviewing the Clean Streams program, including watershed cooperative agreements, and will look into revising the FY 2007 and long-term measures upon completion. FY 2005 actuals represent cumulative data as opposed to new projects funded annually. |
| The amount of increased funds derived from active partnering and leveraging agreements. (PART)   | A    | 8,179,634   | 70,000          | 27,692,333  | 70,000       | 70,000    | 0                                | 70,000                                   | 70,000                          | Same comment as above. Measure under review.  |
| Percent of AML grant funds obligated nationally by States and Tribes. (PART)                     | A    | 96%         | 90%             | 95%         | 90%          | 90%       | 0                                | 90%                                      | 90%                             | Measure will be clarified and targets revised to better report accomplishments in FY 2006.  |

Office of Surface Mining Reclamation and Enforcement

| <i>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</i>  | Type | 2004 Actual | 2005 Final Plan | 2005 Actual | 2006 Enacted | 2007 Plan | Change from 2006 Enacted to 2007 | Long-term Target (2008) 2006 Pres Budget | Long-term Target (2008) Revised | Explanations of Changes: for change from 2006 to 2007 <u>and</u> 2006 and 2008 target revisions |
|---|------|-------------|-----------------|-------------|--------------|-----------|----------------------------------|--|---------------------------------|---|
| Customer service rate in the quality of technical assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)                   | A    | 100%        | 94%             | 99%         | 94%          | 94%       | 0                                | 94%                                      | 94%                             |   |
| Percent satisfaction with the scientific and technical products and assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR) | A    | 97%         | 92%             | 93%         | 92%          | 92%       | 0                                | 92%                                      | 92%                             |   |
| Customer effectiveness rate in the quality of technical training – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)        | A    | 97%         | 93%             | 98%         | 93%          | 93%       | 0                                | 93%                                      | 93%                             |   |
| Number of students trained – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)  | A    | 916         | 950             | 957         | 1,200        | 1,200     | 0                                | 1,200                                    | 1,200                           |   |



*Office of Surface Mining Reclamation and Enforcement*

| <i>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</i>   | Type | 2004 Actual | 2005 Final Plan | 2005 Actual | 2006 Enacted | 2007 Plan | Change from 2006 Enacted to 2007 | Long-term Target (2008) 2006 Pres Budget | Long-term Target (2008) Revised | Explanations of Changes: for change from 2006 to 2007 <u>and</u> 2006 and 2008 target revisions |
|--|------|-------------|-----------------|-------------|--------------|-----------|----------------------------------|--|---------------------------------|---|
| Customer satisfaction rate for TIPS training. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)  | A    | 90%         | 89%             | 91%         | 89%          | 91%       | 2%                               | 91%                                      | 91%                             |   |
| Increase the number of permits reporting by e-filing. (BUR)  | C    | 44%         | 50%             | 58%         | 50%          | 65%       | +15%                             | 65%                                      | 65%                             | Achieving a higher rate than originally anticipated.  |
| AML Fee Collection rate. (BUR)   | A    | 99.9%       | 99%             | 99.9%       | 99%          | 99%       | 0                                | 99%                                      | 99%                             |   |
| Customer satisfaction with Grants Financial Services. (BUR)  | A    | 98%         | 95%             | 100%        | 95%          | 95%       | 0%                               | 95%                                      | 95%                             |   |
| <p><small>1/ For simplifying reporting, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM=Proposed PART Measure; BUR = Bureau Measure.</small></p> |      |             |                 |             |              |           |                                  |  |                                 |   |

Office of Surface Mining Reclamation and Enforcement

**End Outcome Goal 2.1: Resource Use** - Manage or influence resource use to enhance public benefit, promote responsible use, and ensure optimal value.

| <i>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</i>                                      | Type | 2004 Actual | 2005 Final Plan | 2005 Actual | 2006 Enacted | 2007 Plan | Change from 2006 Enacted to 2007 | Long-term Target (2008) 2006 Pres Bud | Long-term Target (2008) Revised | Explanations of Changes: for change from 2006 to 2007 <u>and</u> 2006 and 2008 target revisions   |
|---|------|-------------|-----------------|-------------|--------------|-----------|----------------------------------|---------------------------------------|---------------------------------|---|
| Percent of active sites that are free of off-site impacts. (SP) (PART) (Efficiency Measure)   | C    | 93%*        | 93%             | 89%*        | 93%          | 93%       | 0                                | 93%                                   | 93%.                            | Increase in sites with off-site impacts is due to higher percentage of minor impacts.; percentage of moderate/major impacts decreased slightly. |
| Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. (SP) (PART)            | C    | 49,054*     | 70,000          | 53,353*     | 50,000       | 50,000    | 0                                | 50,000                                | 50,000                          | Target revised to reflect trend data of decreasing Phase III acreage as operators focus on increased mining in response to market demands.      |
| Cumulative reclaimed (restored) acres to cumulative mined acreage (represented by bonded acreage). (%) (PPM)                          | F    |             |                 |             |              | 48%       | New measure                      |                                       | 48%                             | New Proposed PART Measure.  |
| Number of acres released from Phase I & II Performance Bonds. (PART)  | C    | 90,040      | 100,000         | 88,869      | 80,000       | 80,000    | 0                                | 80,000                                | 80,000                          | Target revised to reflect trend data of decreasing Phase I and II acreage as operators focus on increased mining in response to market demands. |
| Customer service rate in the quality of technical assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR) | A    | 100%        | 94%             | 99%         | 94%          | 94%       | 0                                | 94%                                   | 94%                             |   |

Office of Surface Mining Reclamation and Enforcement

| <i>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</i>   | Type | 2004 Actual | 2005 Final Plan | 2005 Actual | 2006 Enacted | 2007 Plan | Change from 2006 Enacted to 2007 | Long-term Target (2008) 2006 Pres Bud | Long-term Target (2008) Revised | Explanations of Changes: for change from 2006 to 2007 <u>and</u> 2006 and 2008 target revisions |
|--|------|-------------|-----------------|-------------|--------------|-----------|----------------------------------|---------------------------------------|---------------------------------|---|
| Percent satisfaction with the scientific and technical products and assistance. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)  | A    | 97%         | 92%             | 93%         | 92%          | 92%       | 0                                | 92%                                   | 92%                             |   |
| Customer effectiveness rate in the quality of technical training – NTTP. (Applies to both the Res. Protection and Resource Use Goals.) (BUR)   | A    | 97%         | 93%             | 98%         | 93%          | 93%       | 0                                | 93%                                   | 93%                             |   |
| Number of students trained – NTTP. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)   | A    | 916         | 950             | 957         | 1,200        | 1,200     | 0                                | 1,200                                 | 1,200                           |   |
| Customer satisfaction rate for TIPS training. (Applies to both the Resource Protection and Resource Use Goals.) (BUR)  | A    | 90%         | 89%             | 91%         | 89%          | 91%       | 2%                               | 91%                                   | 91%                             |   |
| Customer satisfaction in the quality and timeliness of AVS provided services. (BUR)  | A    | 98%         | 95%             | 97%         | 95%          | 95%       | 0                                | 95%                                   | 95%                             |   |
| * States provided data for the time period July 1 to June 30 to accommodate the accelerated publishing requirements of the OSM Financial Report. Tennessee data submitted for the federal fiscal year. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM=Proposed PART Measure; BUR = Bureau Measure |      |             |                 |             |              |           |                                  |                                       |                                 |   |

Office of Surface Mining Reclamation and Enforcement

**End Outcome Goal 4.1: Serving Communities – Protect lives and property.**

| <i>End Outcome Measure/Intermediate or PART Measure/PART Efficiency or Other Outcome Measure</i>        | Type | 2004 Actual | 2005 Final Plan | 2005 Actual  | 2006 Enacted | 2007 Plan | Change from 2006 Enacted to 2007 | Long-term Target (2008) 2006 Pres Bud | Long-term Target (2008) Revised | Explanations of Changes: for change from 2006 to 2007 and 2006 and 2008 target revisions  |
|---|------|-------------|-----------------|--------------|--------------|-----------|----------------------------------|---------------------------------------|---------------------------------|---|
| Number of people with reduced exposure potential to safety risks from abandoned mine lands. (SP) (PART) | F    | 160,257     | 11,000          | 2.244million | 160,000      | 160,000   | 0                                | 160,000                               | 160,000                         | Target revised to reflect better baseline data and adjust for anomalies. Data anomalies for FY 2005 Actuals: 6 projects were in close proximity to National parks or forests, and other popular recreational areas, representing over 2.1 million people. |
| Percentage of declared emergencies abated within six months. (PART) (Efficiency Measure)                | A    | 98%         | 95%             | 96%          | 95%          | 95%       | 0                                | 95%                                   | 95%                             |   |
| Number of people directly affected (Emergencies abated). (PART)   | A    | 11,400      | 8,250           | 8,975        | 8,300        | 8,300     | 0                                | 8,300                                 | 8,300                           | Target revised slightly to reflect trend data.  |

SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM=Proposed PART Measure; BUR = Bureau Measure.

### **Key to Measure Types**

**The Goal Performance Table that follows includes a column called Type.** Each measure in the Goal Performance Table has measure Type: A, C, or F. Each classification reflects a different timeframe between when a result is realized, in terms of a changing target value, relative to when funds are budgeted.

**A - Annual-result performance measures (“Annual” measures)**

For these performance measures, the 2007 budget request level is the resources that support the performance target for that year only. This is typical of any performance measure target for an operational effort that is repeated annually.

**C - Cumulative-result performance measures (“Cumulative” measures)**

For these performance measures, the 2007 budget request reflects only an annual increment of funding that is being used to maintain or reach the level of achievement reflected in the target. While these measures reflect the level of performance achieved over a number of years, the target value for a given fiscal year reflects the level of performance which is expected to be reached by the end of that fiscal year, and no further.

**F - Future-result performance measures (“Future” measures)**

For these performance measures, the 2007 budget request reflects an investment towards a result that may take multiple applications over time and/or contributions from other efforts to realize. “Future” performance measures are similar to “cumulative” performance measures in that the time to achieve results extends beyond a single budget year reflecting either a delayed effect or the contributions from multiple years. One of the characteristics that distinguish “cumulative” from “future” performance measures is whether or not the level of achievement can be reflected in a target value in the same year as the budget year with the funding effecting the achievement.

**INTRODUCTION**

The following tables provide a snapshot of the cost changes by appropriation, business line and activities within those business lines. Below is a brief description of each appropriation and summary of business line within each appropriation.

**Regulation and Technology**

This appropriation finances the regulatory functions of SMCRA as administered by the States and OSM. Federal activities related to the administration and monitoring of State regulatory programs and OSM’s technical training, assistance, and transfer activities related to environmental protection are also financed by this appropriation. The request is \$ 112,209,000 (including an estimated \$100,000 in civil penalty collections); a net increase of \$3.3 million over the FY 2006 enacted budget.

**Abandoned Mine Land Appropriation**

This appropriation supports the reclamation program functions carried out by the States and OSM. The Fund is derived from a fee levied on coal production sales, use and transfers. The bulk of the appropriation finances grants to States to implement reclamation programs. The Fund also supports Federal activities related to the administration and monitoring of State programs, as well as OSM’s technical training, assistance, and transfer activities related to environmental reclamation. The request is \$185,936,000 an increase of \$0.688 million over the FY 2006 enacted budget.

**Summary of FY 2006 Appropriations and FY 2007 Budget Changes  
By Appropriation and Business Line**

(Dollars in thousands)

| <b>Regulation and Technology</b> | FY 2006<br>Enacted | FY 2007<br>Request | Change        |
|----------------------------------|--------------------|--------------------|---------------|
| Environmental Restoration        | 255                | 257                | +2            |
| Environmental Protection         | 78,395             | 80,965             | +2,570        |
| Tech Development & Transfer      | 14,903             | 15,101             | +198          |
| Financial Management             | 481                | 485                | +4            |
| Executive Direction              | 14,875             | 15,401             | +526          |
| <b>Total Appropriation</b>       | <b>108,909</b>     | <b>112,209</b>     | <b>+3,300</b> |

| <b>Abandoned Mine Reclamation Fund</b> | FY 2006<br>Enacted | FY 2007<br>Request | Change      |
|--|--------------------|--------------------|-------------|
| Environmental Restoration              | 167,609            | 167,855            | +246        |
| Environmental Protection               | 0                  | 0                  | 0           |
| Tech Development & Transfer            | 3,864              | 3,910              | +46         |
| Financial Management                   | 6,142              | 6,253              | +111        |
| Executive Direction                    | 7,633              | 7,918              | +285        |
| <b>Total Appropriation</b>             | <b>185,248</b>     | <b>185,936</b>     | <b>+688</b> |

**2007 Budgetary Changes at a Glance  
(Dollars in thousands)**

|   | <b>2005<br/>Actual</b> | <b>2006<br/>Enacted</b> | <b>Fixed<br/>Cost<br/>Changes</b> | <b>Internal<br/>Transfers</b> | <b>Distributed<br/>Program<br/>Change</b> | <b>Program<br/>Changes</b> | <b>2007<br/>President's<br/>Budget</b> |
|---|------------------------|-------------------------|-----------------------------------|-------------------------------|---|----------------------------|--|
| <b>Appropriation:<br/>Regulation and<br/>Technology</b> | <b>108,368</b>         | <b>108,909</b>          | <b>1,233</b>                      | <b>0</b>                      | <b>0</b>                                  | <b>2,067</b>               | <b>112,209</b>                         |
| <b>Environmental<br/>Restoration</b>                    | <b>257</b>             | <b>255</b>              | <b>2</b>                          | <b>0</b>                      | <b>0</b>                                  | <b>0</b>                   | <b>257</b>                             |
| <i>Federal Program<br/>Operations</i>                   | 257                    | 255                     | 2                                 | 0                             |   | 0                          | 257                                    |
| <b>Environmental<br/>Protection</b>                     | <b>79,821</b>          | <b>78,395</b>           | <b>420</b>                        | <b>150</b>                    | <b>0</b>                                  | <b>2,000</b>               | <b>80,965</b>                          |
| <i>State and Tribal Funding</i>                         | 57,207                 | 56,365                  | 0                                 | 0                             |   | 2,000                      | 58,365                                 |
| <i>State Program Evaluation</i>                         | 8,016                  | 8,031                   | 173                               | 38                            |   | 0                          | 8,242                                  |
| <i>Federal Programs</i>                                 | 5,263                  | 5,655                   | 92                                | 38                            |   | 0                          | 5,785                                  |
| <i>Federal Lands</i>                                    | 1,467                  | 1,463                   | 24                                | 38                            |   | 0                          | 1,525                                  |
| <i>Indian Lands</i>                                     | 2,332                  | 2,331                   | 41                                | 0                             |   | 0                          | 2,372                                  |
| <i>Program Development<br/>and Maintenance</i>          | 5,536                  | 4,550                   | 90                                | 36                            |   | 0                          | 4,676                                  |
| <b>Technology,<br/>Development &amp; Transfer</b>       | <b>13,300</b>          | <b>14,903</b>           | <b>198</b>                        | <b>0</b>                      | <b>0</b>                                  | <b>0</b>                   | <b>15,101</b>                          |
| <i>Technical Assistance</i>                             | 9,423                  | 10,691                  | 117                               | 0                             |   | 0                          | 10,808                                 |
| <i>Training</i>   | 2,240                  | 2,562                   | 40                                | 0                             |   | 0                          | 2,602                                  |
| <i>Technology Transfer</i>                              | 1,637                  | 1,650                   | 41                                | 0                             |   | 0                          | 1,691                                  |
| <b>Financial Management</b>                             | <b>485</b>             | <b>481</b>              | <b>4</b>                          | <b>0</b>                      | <b>0</b>                                  | <b>0</b>                   | <b>485</b>                             |
| <i>Fee Compliance</i>                                   | 0                      | 0                       | 0                                 | 0                             |   | 0                          | 0                                      |
| <i>Revenue Management</i>                               | 394                    | 389                     | 2                                 |                               |   | 0                          | 391                                    |
| <i>Grants Financial<br/>Management</i>                  | 91                     | 92                      | 2                                 | 0                             |   | 0                          | 94                                     |
| <b>Executive Direction and<br/>Administration</b>       | <b>14,505</b>          | <b>14,875</b>           | <b>609</b>                        | <b>-150</b>                   | <b>0</b>                                  | <b>67</b>                  | <b>15,401</b>                          |
| <i>Executive Direction</i>                              | 2,454                  | 2,460                   | 49                                | 0                             |   | 0                          | 2,509                                  |
| <i>Administrative Support</i>                           | 4,257                  | 4,260                   | 84                                | 1                             |   | 0                          | 4,345                                  |
| <i>General Services</i>                                 | 7,794                  | 8,155                   | 476                               | -151                          |   | 67                         | 8,547                                  |

**2007 Budgetary Changes at a Glance  
(Dollars in thousands)**

|   | 2005<br>Actual | 2006<br>Enacted | Fixed<br>Cost<br>Changes | Internal<br>Transfers | Distributed<br>Program<br>Change | Program<br>Changes | 2007<br>President's<br>Budget |
|---|----------------|-----------------|--------------------------|-----------------------|----------------------------------|--------------------|-------------------------------|
| <b>Appropriation:<br/>Abandoned Mine<br/>Reclamation Fund</b> | <b>188,205</b> | <b>185,248</b>  | <b>654</b>               | <b>0</b>              | <b>0</b>                         | <b>34</b>          | <b>185,936</b>                |
| <b>Environmental<br/>Restoration</b>                          | <b>167,861</b> | <b>167,609</b>  | <b>195</b>               | <b>51</b>             | <b>0</b>                         | <b>0</b>           | <b>167,855</b>                |
| State and Tribal Funding                                      | 147,523        | 145,352         | 0                        | 0                     |                                  | 0                  | 145,352                       |
| State Program   |                |                 |                          |                       |                                  |                    |                               |
| Evaluation  | 2,509          | 2,505           | 47                       | 0                     |                                  | 0                  | 2,552                         |
| Federal Programs  | 14,752         | 16,681          | 96                       | 51                    |                                  | 0                  | 16,828                        |
| Program Development<br>and Maintenance                        | 3,077          | 3,071           | 52                       | 0                     |                                  | 0                  | 3,123                         |
| <b>Technology,<br/>Development &amp; Transfer</b>             | <b>4,479</b>   | <b>3,864</b>    | <b>46</b>                | <b>0</b>              | <b>0</b>                         | <b>0</b>           | <b>3,910</b>                  |
| Technical Assistance  | 2,302          | 1,544           | 19                       | 0                     |                                  | 0                  | 1,563                         |
| Training  | 625            | 803             | 16                       | 0                     |                                  | 0                  | 819                           |
| Technology Transfer   | 1,552          | 1,517           | 11                       | 0                     |                                  | 0                  | 1,528                         |
| <b>Financial Management</b>                                   | <b>8,444</b>   | <b>6,142</b>    | <b>89</b>                | <b>22</b>             | <b>0</b>                         | <b>0</b>           | <b>6,253</b>                  |
| Fee Compliance  | 8,359          | 6,056           | 88                       | 22                    |                                  | 0                  | 6,166                         |
| Revenue Management  | 0              | 0               | 0                        | 0                     |                                  | 0                  | 0                             |
| Grants Financial<br>Management                                | 85             | 86              | 1                        | 0                     |                                  | 0                  | 87                            |
| <b>Executive Direction and<br/>Administration</b>             | <b>7,421</b>   | <b>7,633</b>    | <b>324</b>               | <b>-73</b>            | <b>0</b>                         | <b>34</b>          | <b>7,918</b>                  |
| Executive Direction   | 1,309          | 1,310           | 18                       | 0                     |                                  | 0                  | 1,328                         |
| Administrative Support  | 2,210          | 2,223           | 50                       | 1                     |                                  | 0                  | 2,274                         |
| General Services  | 3,902          | 4,100           | 256                      | -74                   |                                  | 34                 | 4,316                         |
|   |                |                 |                          |                       |                                  |                    |                               |
| <b>Total, OSM</b>   | <b>296,573</b> | <b>294,157</b>  | <b>1,887</b>             | <b>0</b>              | <b>0</b>                         | <b>2,101</b>       | <b>298,145</b>                |

NOTES: Internal Transfers represent a change in charging gasoline for vehicles from a central account to program accounts. Program Changes include an increase of \$2 million for State and Tribal Funding under the Regulation and Technology Appropriation; and an increase of \$101,000 for working capital funds, split between both Appropriations.



**ENVIRONMENTAL RESTORATION**

(Dollars in Thousands)

|                             |        | 2005<br>Actual | 2006<br>Enacted | Fixed Costs<br>& Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2007<br>Budget<br>Request | Change<br>from 2006<br>(+/-) |
|-----------------------------|--------|----------------|-----------------|--|-----------------------------|---------------------------|------------------------------|
| Regulation &<br>Technology* | \$\$\$ | 257            | 255             | +2   | 0                           | 257                       | +2                           |
|                             | FTE    | 1              | 1               | 0  | 0                           | 1                         | 0                            |
| Abandoned<br>Mine Land      | \$\$\$ | 167,861        | 167,609         | +246   | 0                           | 167,855                   | +246                         |
|                             | FTE    | 93             | 96              | 0  | 0                           | 96                        | 0                            |
| TOTAL                       | \$\$\$ | 168,118        | 167,864         | +248   | 0                           | 168,112                   | +248                         |
|                             | FTE    | 94             | 97              | 0  | 0                           | 97                        | 0                            |

\*FY 2005 includes actual civil penalty collections (\$71,569) and FY 2006 and 2007 include estimated civil penalty collections (\$98,529 and \$100,000, respectively).

The FY 2007 budget request for Environmental Restoration is \$168,112,000 and 97 FTE. This is a net increase of \$248,000 for fixed costs and related changes, and no FTE change from the 2006 enacted level. Of the fixed costs and related changes increase, \$51,000 reflects funding for vehicle fuel moved to the program areas instead of maintaining funding in a central account under Executive Direction. There are no program changes.

**MISSION GOAL: TO PROVIDE A CLEANER AND SAFER ENVIRONMENT  
FOR THE AMERICAN PEOPLE BY RECLAIMING AND RESTORING  
LAND AND WATER DEGRADED BY PAST MINING**

The Environmental Restoration business line funds the abandoned mine land program (AML). The program addresses threats to public health, safety, and general welfare through the reclamation of environmental hazards caused by past mining practices. Through this business line OSM provides funds to States and Tribes for administering their approved AML programs. OSM also evaluates State and Tribal AML programs, abates emergency and high-priority coal mining-related hazards through the Federal Reclamation program (where OSM has reclamation responsibility), and fosters partnerships for the Clean Streams Program aimed at addressing acid mine drainage/water pollution problems.

The total magnitude of the abandoned mine problem is difficult to assess, but OSM has developed a national inventory that contains information on over 17,700 problem areas associated with abandoned mine lands, mostly coal. A problem area is a geographical area, such as a watershed, that contains one or more problems. The more serious problem areas are classified as priority 1 (extreme danger to public health and safety), priority 2 (adverse affects to public health, safety, and general welfare), or priority 3 (environmental hazards). Since 1977,

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over 208,000 equivalent acres of priority 1 and 2 health and safety, and environmental-related coal problems have been reclaimed.

OSM's Environmental Restoration business line supports accomplishment of the Department of the Interior's Resource Protection and Serving Communities mission goal components in the strategic plan. As stewards of our nation's natural and cultural resources, the Department is entrusted with safeguarding these treasures for future generations. Environmental problems associated with abandoned mine sites, such as, water pollution, open portals and pits, land stripped of natural vegetation, and refuse piles degrade our natural resources. Through the reclamation of these problems, our land and water resources are improved for beneficial uses, such as, agriculture, wildlife habitat or development.

Mine site cleanups not only improve our environment, but also safeguard people and property. In addition, these communities are revitalized through the creation of jobs associated with reclamation projects.

OSM's authority to collect the abandoned mine reclamation fee expired on September 30, 2004, but was renewed by FY 2005 appropriation language through June 30, 2005. Prior to program reauthorization during formulation of the FY 2004 budget, the Administration began using the Program Assessment Rating Tool (PART) to identify strengths and weaknesses of programs and to make informed budget, management, and policy decisions.

The PART review of the Abandoned Mine Lands Grants Program for FY 2004 identified three recommendations for the program. The three recommendations and OSM's progress to date are noted below:

1. Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclamation;
2. Extend the coal fee, which expires on September 30, 2004, to fund the remaining work;

In response to these recommendations, OSM worked diligently with the Department of the Interior and Office of Management and Budget (OMB) officials in drafting legislative changes to the AML program. Legislation was presented in both the House (H.R. 3778) and Senate (S.2049 & S.2086). In part, the legislative changes seek to extend the authorization of fee collection authority while balancing the interests of all coal states and focusing on the need to accelerate the cleanup of dangerous abandoned coal mines by directing funds to the highest priority areas so that reclamation can occur at a faster rate, thereby removing the risks to those who live, work and recreate in the coalfields as soon as possible. Although the legislation was not passed, OSM continues to work with Congress to review current bills for AML reauthorization. For the fee extension, after several provisions to extend the fee for limited timeframes, the fee is now extended until June 30, 2006.

The 2007 budget includes a proposal for an interim extension of OSM's AML fee

collection authority through September 30, 2007. This extension will allow the continuation of reclamation activities under current law, while allowing the Administration to continue working with Congress on finding an appropriate, fiscally responsible and fair, long-term resolution to the reauthorization discussion. Pending enactment of specific reform legislation, the budget does not propose new funding for payments to States and Tribes.

3. Develop long-term measures that are more outcome oriented and develop at least one efficiency measure.

OSM, States and Tribes developed more meaningful performance measures and collected data from States and Tribes for those measures in FY 2004. The measures are:

- Number of stream-miles for which degradation from past surface coal mining has been improved.
- Number of surface acres of water for which degradation from coal mining has been improved.
- Number of active partnering and leveraging agreements.
- The amount of increased funds derived from active partnering and leveraging agreements.
- Number of people with reduced exposure potential to safety risks from abandoned mine lands.
- Percentage of declared emergencies abated within six months.
- Number of people directly affected (emergency abatements).
- Percent of AML grant funds obligated nationally by States and Tribes.

Baseline data has been reviewed for many measures, however, OSM continues to review data and refine its data collection to ensure that it is valid and determine if targets need to be adjusted.

### **Operational Processes (Program Activities):**

Approximately 87 percent of OSM's total funding request for this business line is for State and Tribal Funding, which provides AML State and Tribal reclamation grant funding, including watershed cooperative agreements, as well as funding for State and Tribal operated emergency projects.

### **ENVIRONMENTAL RESTORATION ENCOMPASSES**

#### State and Tribal AML Reclamation Operations

- *Reclamation Grants*
- *Clean Streams Program*
- *Watershed Cooperative Agreements*

#### Federal and State Reclamation

- *Emergency Programs*
- *High Priority Projects*
- *Outcrop and Underground Fire Control*
- *Civil Penalty Reclamation*
- *Bond Forfeiture Reclamation*

#### Program Development and Maintenance

#### State Program Evaluation

The Federal Reclamation Program funds both emergency and high-priority reclamation projects in States and Tribes that do not have a coal regulatory program, and also provides for emergency reclamation of AML problems in States with a coal regulatory program but without their own emergency program. OSM's administration costs of these projects are included in this business line.

Evaluation and Oversight of the State and Tribal AML reclamation operations is coordinated by OSM through the State Program Evaluation program activity. This business line also funds the Program Development and Maintenance program activity, which provides policy direction and ensures State/Tribal programs are amended as needed.

The Environmental Restoration program activities improve natural resources and reduce the risk to public health, safety, and general welfare by correcting problems caused by past mining. OSM has identified success indicators to show incremental accomplishments for the mission goal. These goals and measures are identified at the end of this business line section.

**Actions Required to Achieve Annual Goals:** In FY 2006 and 2007 OSM will continue to encourage partnership participation by working with States and Tribes through their reclamation agencies, and through private and grass-roots associations. In addition, OSM will increase efforts to leverage funding from other government and non-government organizations to address abandoned mine sites. This emphasis on partnership and leveraging of resources supports cooperative conversation efforts.

**Resources, Skills, and Technology Needed:** OSM and the AML program States and Tribes will continue to need a diverse and multidisciplinary cadre of individuals with scientific and engineering skills. These human resources establish reclamation project design and construction criteria either directly or in conjunction with contractors. Program analysts, grant specialists, and other support personnel are needed to implement the State/Tribal grants program and to conduct program evaluations. Computer systems personnel and contractors are needed to maintain the Abandoned Mine Land Inventory System. OSM maintains the system and network by which the States and Tribes manage their data.

- The FY 2007 President's Budget requests \$145.4 million for State and Tribal funding for AML reclamation and emergency programs; \$8.7 million for Federally Managed State emergencies; \$2.6 million for State Program Evaluation; \$8.3 million for Federal Reclamation Program of which \$5.8 million is for operations, 1.0 million is for high priority projects, \$1.076 million is for Watershed Cooperative Agreement Projects, and \$0.4 million is for Federal Program Emergencies; and \$3.1 million for Program Development and Maintenance.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of the types of efforts used to evaluate programs, address emergency and high-priority issues and manage those projects, and provide reclamation support services to communities affected by coal mining issues.

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**Table 1– Justification of Program and Performance, Environmental Restoration**  
 Summary Increases/Decreases for FY 2007  
 (Dollars in Thousands)

| Program Activity                  |  | Regulation & Technology |                  |                 | Abandoned Mine Lands |                  |                     | Total               |                  |                 | Inc/Dec<br>(+/-) |      |
|-----------------------------------|--|-------------------------|------------------|-----------------|----------------------|------------------|---------------------|---------------------|------------------|-----------------|------------------|------|
|                                   |  | 2005<br>Actual          | 2006<br>Estimate | 2007<br>Request | 2005<br>Actual       | 2006<br>Estimate | 2007<br>Request     | 2005<br>Actual      | 2006<br>Estimate | 2007<br>Request |                  |      |
| State and Tribal Funding          | \$\$\$   | 0                       | 0                | 0               | 147,523              | 145,352          | 145,352             | 147,523             | 145,352          | 145,352         | 0                |      |
|                                   | FTE  | 0                       | 0                | 0               | 0                    | 0                | 0                   | 0                   | 0                | 0               | 0                |      |
| State Program Evaluation          | \$\$\$   | 0                       | 0                | 0               | 2,509                | 2,505            | 2,552               | 2,509               | 2,505            | 2,552           | +47              |      |
|                                   | FTE  | 0                       | 0                | 0               | 22                   | 23               | 23                  | 22                  | 23               | 23              | 0                |      |
| Federal<br>Reclamation<br>Program | Projects:  |                         | 98               | 98*             | 100*                 | 404              | 2,461               | 2,461               | 502              | 2,559           | 2,561            | +2   |
|                                   | <i>Emergency<br/>High-Priority<br/>Watershed</i>   | \$\$\$                  |                  |                 |                      | 404              | 398<br>987<br>1,076 | 398<br>987<br>1,076 |                  |                 |                  |      |
|                                   | <i>Federally<br/>Managed State<br/>Emergencies</i> | \$\$\$                  | 0                | 0               | 0                    | 8,875            | 8,745               | 8,745               | 8,875            | 8,745           | 8,745            | 0    |
|                                   | Operations   | \$\$\$                  | 159              | 157             | 157                  | 5,473            | 5,475               | 5,622               | 5,632            | 5,632           | 5,779            | +147 |
|                                   |  | FTE                     | 1                | 1               | 1                    | 47               | 48                  | 48                  | 48               | 49              | 49               | 0    |
|                                   |  |                         |                  |                 |                      |                  |                     |                     |                  |                 |                  |      |
| Program Dev/Maintenance           | \$\$\$   | 0                       | 0                | 0               | 3,077                | 3,071            | 3,123               | 3,077               | 3,071            | 3,123           | +52              |      |
|                                   | FTE  | 0                       | 0                | 0               | 24                   | 25               | 25                  | 24                  | 25               | 25              | 0                |      |
| TOTAL                             | \$\$\$   | 257                     | 255              | 257             | 167,861              | 167,609          | 167,855             | 168,118             | 167,864          | 168,112         | +248             |      |
|                                   | FTE  | 1                       | 1                | 1               | 93                   | 96               | 96                  | 94                  | 97               | 97              | 0                |      |

\*FY 2006 and 2007 include estimated civil penalty collections (\$98,529 and \$100,000, respectively).

NOTE: Federal FTE figures for the Federally-managed State Emergencies are reflected under the Federal Reclamation Program.

## **2007 PROGRAM PERFORMANCE ESTIMATES**

### **1. State and Tribal Funding**

The grant funding provided to States and Tribes support the DOI Resource Protection and Serving Communities mission goal areas. The reclamation project work undertaken with these funds restores land to beneficial uses, improves the quality of life for coal field citizens, and promotes job creation in these economic depressed areas. Two-thirds (\$96 million) of the requested \$145.4 million for grants will be used to address the most serious health and safety problems (priority 1 and 2's), caused by past mining that pose imminent harm or adversely affect people and property. About one-third (\$49.4 million) of the request will address environmental clean up projects and water pollution caused by acid mine drainage in the Appalachian states through the Cleans Streams program.

SMCRA established the Abandoned Mine Reclamation Fund (AML Fund) to finance the restoration of land mined and abandoned prior to August 1977. Coal mining had disturbed more than one million acres of land, resulting in significant health and safety problems for coalfield citizens and the public in general. An adequate AML Fund is essential to ensure that these problems are abated by providing the financial resources for State, Tribal, and Federal reclamation efforts. Although substantial progress has been made, approximately \$3 billion of priority 1 and 2 problems that threaten public health and safety and \$3.6 billion of priority 2 general welfare problems remain unreclaimed, and over \$1.8 billion of unreclaimed priority 3 problems have been identified by States and Tribes.

The AML Fund receives revenues through the collection of coal production fees (the lesser of 35 cents/ton of surface mined coal; 15 cents/ton of coal mined underground; and 10 cents/ton of lignite; or ten percent of the value of the coal at the mine), which are paid by operators of active mines. Payment of required fees is ensured by the fee compliance activities of the Financial Management business line. OSM's authority to collect the abandoned mine reclamation fee expires on June 30, 2006.

SMCRA establishes that 50 percent of the fees collected be allocated to the State/Tribe from which they were collected for use in the State/Tribal reclamation program on eligible coal and non-coal abandoned sites. If a State/Tribe has certified that all coal-related problems have been addressed, its 50 percent share may also be used for the construction of public facilities related to the coal or minerals industry in States/Tribes impacted by such mining.

In accordance with SMCRA, the remaining 50 percent is divided into three shares:

- (1) The Rural Abandoned Mine Program (RAMP);
- (2) The Federal Expenses Share; and
- (3) The Historical Share.

Share One: RAMP Share, administered by the U.S. Department of Agriculture (USDA), is 10 percent of the fees collected plus 20 percent of the interest earned on the investment of the unspent portion of the AML Fund. No funds have been requested for RAMP in FY's 1996 -

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2005, and none are included in the Administration's FY 2006 budget. As authorized by the FY 2006 appropriation, RAMP funds of \$361 million were transferred to Federal Expenses Share after September 30, 2005. OSM is requesting that this appropriation language be retained to apply to future collections as well.

Share Two: The Federal Expenses Share is 20 percent of the fees collected plus 40 percent of the interest earned on the investment of the unspent portion of the AML Fund.

This Share is used to fund:

- (a) Emergency and High-priority coal projects under the Federal Reclamation Program in States and Tribes without approved AML programs;
- (b) The supplemental amount to minimum program States;
- (c) The approved State Emergency Programs;
- (d) Federal expenses to collect the AML fee and administer the AML program. The Clean Streams Program is funded from this share.

Share Three: The Historical Coal Share is 20 percent of the fees collected plus 40 percent of the interest earned on the investment of the unspent portion of the AML Fund. This Share is used for grants to eligible States and Tribes for high priority coal projects. It is distributed through a formula based on the amount of coal historically produced in the State or from the Indian lands prior to the August 3, 1977, passage of SMCRA.

These three Shares collectively are referred to as the Federal Share.

The interest earned on the investment of the unspent portion of the AML Fund, while divided into the three Shares as explained above, has been primarily devoted to making transfers to the United Mine Workers of America Combined Benefit Fund. The Combined Benefit Fund is used to defray costs for the health care benefits of eligible former coal mining employees and their beneficiaries. OSM makes an annual mandatory transfer payment of interest earned on the AML Fund to the Trustees of the Combined Benefit Fund, within the requirements of the Energy Policy Act of 1992 and SMCRA.

The above approach to fee collection and distribution will remain in place during FY 2006 and 2007. OSM's authority to collect the abandoned mine reclamation fee is set to expire on June 30, 2006. The 2007 budget includes a proposal for an interim extension of OSM's AML fee collection authority through September 30, 2007. This extension will allow the continuation of reclamation activities under current law, while allowing the Administration to continue working with Congress on finding an appropriate, fiscally responsible and fair, long-term resolution to the reauthorization discussion. Pending enactment of specific reform legislation, the budget does not propose new funding for payments to States and Tribes.

*a. Reclamation Program Grants*

OSM provides grants to States and Tribes that have approved reclamation programs. States and Tribes use the grants to address hazards and problems such as underground fires, subsidence, landslides, open shafts, unstable or burning refuse piles, acid mine drainage, and dangerous, unstable highwalls. Reclamation grants to States and Tribes comprise the majority of this program activity's resources.

Each State must have an approved SMCRA regulatory (Title V) program and a reclamation (Title IV) program before it is eligible to receive reclamation grant funding. Tribes are allowed access to AML funds derived from reclamation fees if they have an approved reclamation program. Currently, three Tribes (Crow, Hopi, and Navajo) have approved programs and receive AML grant distributions. Twenty-three States and three Tribes will receive reclamation grant funding in FY 2007.

Missouri did not receive an AML grant in 2003-2004 except for emergencies due to the failure of the Missouri legislature to fully fund the (Title V) Regulatory program. OSM awarded a limited portion of Missouri's 2005 AML grant allocation to begin rebuilding the capabilities of the AML staff to support a reclamation program. In 2005, OSM worked with the Missouri Department of Natural Resources on a plan to resume the program. On February 1, 2006, OSM returned full regulatory responsibilities for the coal mining and reclamation activities to Missouri and will be providing appropriate grants.

Each year, the States and Tribes select reclamation projects from their inventories of eligible Problem Areas. AML grants normally have a three-year life cycle to allow for project planning and design, contract development and award, actual construction activities, and contract close-out. The AML grants also fund 100 percent of States' and Tribes' administrative costs related to reclamation program management.

OSM does not require advance approval of each AML project before it awards a grant. After OSM approves a grant, but before construction begins, OSM provides an authorization for a specific project to proceed, and it establishes a letter of credit at a local bank for a State or Indian tribe. This incurs a Federal obligation and makes the funds available for the State or Tribe. When a State needs funds to pay expenses, the letter of credit is drawn down. OSM oversees the reclamation projects and expenditure of grant monies.

In the 1990 amendments to SMCRA, an authorized allocation level of at least \$2 million was established for States/Tribes having an approved reclamation plan and eligible Priority 1 and 2 coal sites. For FY 2007 the minimum funding level request is \$1.5 million, which is consistent with the authorized amount provided for in past years.

*b. Clean Streams Program*

In FY 2007, OSM proposes to maintain funding for the Clean Streams Program by making available up to \$6.9 million to fund State Reclamation Grants, \$1.076 million for Watershed Cooperative Agreements, almost \$0.2 million for the Acid Drainage Technology Initiative



(ADTI) and \$0.15 for program management, maintenance and assistance. Further discussion of ADTI is under the Technology Development and Transfer business line. The requested level would enable OSM to support State Abandoned Mine Reclamation agencies to identify, evaluate, plan, and construct projects to treat acid mine drainage (AMD) in the Appalachian coal region.

OSM's emphasis on Clean Streams Program projects as a national priority, combined with increasing watershed stewardship at the community level, and more sophisticated and cost-effective treatment technology, has promoted a general increase in State project activity related to, or incorporating, AMD treatment. With additional opportunities to field-test and observe passive AMD treatment systems, the efficacy, sophistication, and cost effectiveness of treatment technology have increased considerably in just a few years.

AMD is the number one water pollutant in the coalfields of the Appalachian area causing major environmental and public health problems. AMD problems are occurring in other regions as well. OSM's effort to control and eliminate AMD in streams and rivers supports the Department's commitment to clean water and strengthening local communities. 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 Program was designed to facilitate development of partnerships in the Appalachian coal region. Through this effort, OSM has partnered with over 100 government agencies, private watershed groups, environmental groups, private foundations, coal producers, and private individuals.

Through FY 2005, over \$41 million in matching grant funds have been committed by participating States to 171 projects. States identified the projects and secured additional sources of funding, wherever possible. In addition many partners have contributed in-kind services without a specific determined monetary value.

OSM, in consultation with the States, distributes Clean Streams Program grant funding in the Appalachian coal region using a base amount of \$100,000 to each of the eligible States, with the remainder distributed based on historical coal production. As inventory data on the extent of acid mine drainage in each State is not available, historical coal production is perhaps the most equitable basis for distributing available funding.

OSM's emphasis on the Clean Streams Program has also helped promote a general increase in State project activity related to or incorporating AMD treatment. Clean Streams projects will continue to encourage funding from diverse sources and the restoration of entire watersheds and subwatersheds, including streams with suitable fish habitat that may be restored to viable coldwater fisheries and other recreational fisheries.

Following are examples of Clean Streams projects:

- **Boswell AMD Remediation Project, Pennsylvania.** In what should be the most definitive test of the success of a mine drainage treatment system, about 3,000 trout were successfully stocked in April 2005, in a four mile section of Quemahoning Creek downstream from a recently completed AMD remediation project known as the Boswell project. This segment of stream has not been fished for almost 100 years. The discharge,

which is a large flow, net alkaline, and high iron loading problem, flows through an AMD wetland several acres in size before entering Quemahoning Creek. This project represents a collaboration of efforts between OSM, the Pennsylvania Department of Environmental Protection (PADEP), the Southern Alleghenies Conservancy, Somerset County Conservation District, local sportsmen's clubs who purchased the property, and Reliant Energy, that made a cash contribution. The total cost of the project was about \$800,000 consisting of Clean Streams Program (CSP) and Watershed Cooperative Agreement Program (WCAP) funds.

- **Blaser Refuse and Portals Project, West Virginia.** The project is located near Tunnelton, in Preston County, West Virginia. The problem area involved an old railroad grade with impounded water, scattered coal refuse piles, remains of a coal tipple, 4 collapsed deep mine portals, and acid mine drainage. The railroad grade is located within 500 feet of County Route 70/5. A drainage culvert was constructed through the grade but over the years had deteriorated. A small impoundment subsequently developed. Area residents expressed concern that, during high flows, water runoff may cover the county road. Also, about two acres of coal refuse had eroded into the impoundment and stream channel. Further southwest of the impoundment along the railroad grade, the remains of a coal tipple with about two acres of coal refuse and a black powder magazine were found. Southwest of the tipple, two collapsed mine portals were found on the left side of the stream with several small seeps. Across the stream, on the right side, two more collapsed mine portals were found discharging about 150 gpm. Field tests indicated a Ph of 3.1 with an iron content >10 mg/l.

The project work began in October 2003 and involved sealing six mine portals, regrading 2 refuse areas, disposing of the tipple and power magazine remains, eliminating the impounded water and constructing a grouted spillway below the impoundment, installing a treatment pond system, and revegetating the area. Almost all of the project was completed a year later, with additional vegetation work and the final inspection completed in July 2005. The acid mine drainage now runs over compost, drops out into a limestone channel, is further conveyed through pipes into another limestone treatment pond, and then finally discharged. Recent field tests indicate a modest Ph improvement, significant reductions in acidity, and significant reductions in iron. The treatment pond system also significantly improved the water quality at the site.

- **The Iowa - Mitchell AML Project, Iowa.** Encompassing three contracts, this project is located in a watershed that is affected by acid mine drainage. Because of the size and expense associated with reclamation, multiple contracts have and will be let for bidding over a period of several construction seasons. Contract 1 addressed an area located primarily on the southern end of the site and involved selective clearing, excavation, grading, constructing terraces, building an earthen dam embankment, neutralizing acidic spoil material, and stabilizing soil on approximately six (6) acres. The regraded site was seeded, mulched, and portions were planted with trees. Contract 1 was completed in 2005. Contract 2, which involves similar reclamation work on additional lands, began in May of 2005 and is expected to be complete in June 2006. The third and final contract is scheduled for award in June 2006. This contract, combined with the cooperative efforts

of local citizens, will complete the remaining work on the Mitchell project and put the watershed well on its road to recovery from a legacy of acid mine drainage and damaged natural resources.

The Watershed Cooperative Agreement Program was implemented by OSM in FY 1999 as part of the Clean Streams Program. The purpose of the Watershed Cooperative Agreement Program is to make funds available directly to not-for-profit organizations, especially small local watershed organizations, to undertake local projects to clean streams affected by acid mining drainage (AMD). Applicants normally receive up to \$100,000 for each reclamation project, primarily for project construction; however, administrative costs associated with completion of the project may be allowed. Applicants are required to have other partners contributing either funding or in-kind services.

Following are examples of projects funded under the Watershed Cooperative Agreement Program (WCAP):

- **Boggs Road AMD Treatment Project, Pennsylvania.** On September 30, 2005, the Montour Run Watershed Association dedicated its first AMD passive treatment project. Montour Run watershed is located in western Allegheny County, Pennsylvania. The discharge, which originates in the spoil of an abandoned coal mine refuse pile, is pH 7, has an average flow of 28 gpm, and a dissolved iron concentration of 17 mg/l. Funding for project construction includes a Growing Greener grant from the Pennsylvania Department of Environmental, and a Watershed Cooperative Agreement from the OSM. Along with in-kind donations, the total project cost was \$117,000, with the WCAP contributing \$54,000. Initial water sampling results are very encouraging. The total iron concentration has been reduced from 17 mg/l to less than one mg/l. This project will restore the aquatic habitat of 2.5 miles of Montour Run and improve the water quality of 12.5 of stream. Montour Run is in an area of Allegheny County that is rapidly increasing in population, and could become a major recreational resource in the greater Pittsburgh area.
- **Sovern Run Clark Project, West Virginia.** The Clark project is located at the headwaters of Sovern Run, a tributary of Big Sandy Creek, in Preston County, West Virginia. Pre-design water quality monitoring indicated the site contributed approximately 200 tons of acidity into Sovern Run yearly. The Office of Surface Mining approved WCAP funding to address the water quality issue and construction was completed in 2001. Subsequently, some enhancements were needed to make the project successful. Minor construction work was authorized and completed in September of 2003. The Friends of the Cheat also applied for and received Environmental Protection Agency (EPA) 319 funding for the remediation work at the site. The total project cost was \$192, 536. The WCAP provided 40 percent of this amount, i.e., \$77,014. The project involved the development of 1,500 feet of open limestone channels and two small steel slag coffer dams for alkalinity generation. Monitoring shows the project is successful and we anticipate closing out the grant soon.

- **Shawnee RC&D Carterville High School project, Illinois.**

OSM awarded WCAP funding of \$38,604 in September, 2005, for this project, which will ameliorate AMD from an area affected by mining from the 1920's through 1950's. Located in Carterville, Illinois, the project's total cost is \$46,379. Prior to reclamation, AMD seeps into the collar connections of a 3 foot wide diversion pipe placed under the football field practice area



and passes under the parking lot onto an open area adjacent to the High School. A wetland will be created adjacent to the high school to reduce and eventually control the AMD coming onto the site.

c. State Emergency Program Grants

Under provisions of SMCRA, OSM provides funds to States to abate emergencies. These are AML problems which occur suddenly and present high probability of substantial physical harm to the health, safety, or general welfare of people, and have to be addressed immediately. The funding for this activity supports DOI's goal to protect lives, resources, and property under the Serving Communities mission component.

States that operate their own emergency programs, fund the emergency projects from their AML grants. Emergency project funds originate in the Federal Share portion of the AML Allocation and are in addition to States' regular AML grant allocation. The following fourteen States now operate their own emergency programs: Alabama, Alaska, Arkansas, Illinois, Indiana, Iowa, Kansas, Missouri, Montana, North Dakota, Ohio, Oklahoma, Virginia, and West Virginia.

OSM carries out emergency project responsibilities for the Tribes, for States without approved reclamation programs (California, Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, Tennessee and Washington) and for States that have not requested the authority to administer their own emergency programs (Colorado, Kentucky, Louisiana, Maryland, New Mexico, Pennsylvania, Texas, Utah, and Wyoming).

OSM will continue to encourage States to assume responsibility for emergency AML reclamation projects. States have developed considerable expertise in performing reclamation. More effective reclamation can occur when States perform the emergency abatement and then

immediately follow-up by completing the reclamation project through their regular AML programs.

OSM's FY 2007 request includes funds for the State administered programs. Funding for Federally managed State emergencies and Federal program emergencies is identified under the Federal Reclamation Program.

## **2. State Program Evaluation**

SMCRA requires OSM to monitor the progress and quality of each State and Tribal program to ensure that their reclamation programs function effectively. This program area is an integral part of the State and Tribal funding. Evaluation of State and Tribal reclamation programs ensure efficient and effective use of program dollars for the intended purpose. Funds provided under this activity (\$2.6 million) support the Department's Serving Communities goal.

OSM analyzes documents submitted by States and Tribes (e.g. grants, amendments, reports), and conducts on-site evaluations of selected reclamation projects. OSM also provides the States and Tribes with expert technical assistance on reclamation projects. OSM, States, and Tribes hold conferences and forums to discuss reclamation issues, technology, and solutions to reclamation problems.

OSM, in consultation with States and Tribes, developed a review system that provides for enhancement and performance evaluation of programs, rather than oversight. This system, which is based on principles of excellence, recognizes that evaluation involves an ongoing relationship between OSM and the State or Tribal agencies - which have the autonomy to run their programs. OSM is responsible for assisting in program enhancement while monitoring compliance with SMCRA.

This evaluation system does not require that each program be reviewed each year in each of the six areas covered under the principles of excellence. Instead, the system allows each State or Tribe to develop, with the appropriate Field Office, a programmatic agreement which addresses the areas to be reviewed and establishes applicable performance measures. Since much of the enhancement and performance evaluation is trend analysis and because the interaction between the programs and OSM is continual, the programmatic agreements can be for periods longer than one year. However, OSM reviews them each year to determine the progress being made.

These agreements first address the overriding goal of the AML program, which is reclamation. They recognize that if the State or Tribe is permanently reclaiming abandoned mine sites by abating hazards, reducing or mitigating adverse effects of past mining, and restoring adversely affected lands and water to beneficial use, then it is conducting an overall successful program.

OSM encourages States and Tribes to maintain ongoing programs for post-project monitoring to assure that completed reclamation projects receive adequate maintenance until reclaimed lands are stable, and to ensure the effectiveness of reclamation designs. OSM evaluations of post-construction monitoring ensure implementation of these types of State monitoring plans.

### **3. Federal Reclamation Program**

Through the Federal Reclamation sub-activity, funding of \$15.8 million are provided for the elimination of the highest priority environmental hazards associated with past mining in non-primacy States; and, elimination of hazards that pose imminent harm to people and property in States without an emergency program (Kentucky and Pennsylvania). These activities support the Department's Serving Communities goal. An additional \$1.076 million is provided for Watershed Cooperative Agreements as discussed under the Clean Streams Program above.

This program activity funds the following components:

- emergency projects;
- high-priority projects;
- program operations (OSM administration of projects).

This program activity also funds OSM's administration of projects funded by Federal civil penalties collected from operators and projects funded from bonds forfeited by operators of federally permitted sites.

#### *a. Federal Emergency Projects*

OSM manages emergency abatement projects in States and on Tribal lands where the State or Tribe has no approved regulatory program and is therefore ineligible for an AML program, and where the State or Tribe has determined it does not want to have an emergency reclamation program. Many coal-producing States, including two with high numbers of emergencies, Pennsylvania and Kentucky, do not have an approved emergency program. Typically, OSM administers over half of all emergency abatement work performed annually.

The Federal Emergency Projects component provides immediate relief from abandoned mine hazards that threaten public health and safety on Federal and Indian lands in States without their own emergency program. Emergencies are generally the result of two different types of events. The most common emergencies are subsidence events, the caving in of old underground mines. Subsidence can impact man-made structures on the surface, and may be life threatening when they occur in areas where there is frequent human activity, such as in schools, parks, playgrounds, and residential areas. These types of emergencies are most common in the Midwestern states and Anthracite regions of northeastern Pennsylvania.

The second type of event is landslides. These are usually the result of unstable mine spoil placed on steep hillsides. This occurs generally in the steep slope areas of Appalachia, and especially in eastern Kentucky and southern West Virginia. Landslides can impact homes and other man-made structures and may block streams, which, in turn, can cause flooding either above or below

the blocked stream. Because of the large quantities of earth moved, landslides are generally more costly to abate than other AML problem types.

When notified of a possible emergency situation, OSM personnel will visit the site, usually within 48 hours or less and performs a technical investigation. Should OSM determine an emergency exists, OSM conducts remedial action as quickly as possible to abate the emergency situation. In FY 2005, of the 707 potential emergencies referred to the Federal program, 174 were determined to be emergencies. Of the remainder, 513 were determined not to be emergencies or did not result from coal mining, or were reclaimed by the landowner, while 20 were still under investigation at the close of the fiscal year.

In the Appalachian Region, 171 emergencies were declared. Most of the emergencies occurred in Pennsylvania and Kentucky. Kentucky emergencies required the most funding, over \$5.4 million, primarily abating landslides. Over \$2.6 million was spent in Pennsylvania, generally related to lower-cost subsidence events. In Kentucky, OSM declared 33 emergencies, comprised of, one dangerous highwall, 4 subsidence problems and 28 landslides. Pennsylvania had 136 declared emergency projects that included: 60 subsidence events, sealing 4 shafts and portal openings, abating 4 mine drainage problems, extinguishing 5 refuse or coal seam fires, and stabilizing 2 landslides. A landslide in Tennessee and a subsidence in Rhode Island were also declared emergencies in FY 2005.

In the Western Region, 3 emergencies were declared in FY 2005 and 2 projects were completed that had been started in FY 2004. Four projects were in Washington State. Of those, 2 involved drilling and grouting subsidence in residential areas, and 2 involved sealing newly opened mine shafts. In Colorado, one subsidence project in a residential area was backfilled with concrete.

*b. Federal High-Priority Projects*

OSM manages projects in States and on Tribal lands where the State/Tribe has no approved regulatory program and is, therefore, ineligible for an AML program.

During FY 2005, OSM completed nine and continued with five high priority projects. Six were located in Tennessee and resulted in the reclamation of 422 acres of land reclaimed at a cost of \$2.57 million. Two projects located in Oregon resulted in the closure of two vertical shafts. In Washington, one project was completed to close a shaft on State Park land, and three projects continued ongoing reclamation efforts. One contract was awarded to inventory hazards on Northern Cheyenne land in Montana, and reclamation is ongoing for one project which will reclaim a highwall in South Dakota. A waterline provided drinkable water to a small community whose previous water supply was undrinkable due to abandoned mines in east Tennessee. Also, 10 dangerous impoundments were filled in and eliminated by the reclamation work completed in FY 2005.

*c. Outcrop and Underground Fire Control Projects*

Pursuant to Public Law 83-738, as amended by Public Law 102-486 (Energy Act of 1992), project funds are provided to control or extinguish outcrop and underground fires. Funds for this

purpose are provided by the Regulation and Technology appropriation to control or extinguish coal fires. OSM costs of administering these projects are included in the AML budget request. These projects are not eligible for funding under the AML program. Coal outcrops are ignited by forest/brush fires, lightning, and campfires and occur mostly in the western States. The purpose of these projects is to prevent injury and loss of life, protect public health, conserve natural resources and protect public and private property. This program was originally authorized under the former Bureau of Mines and subsequently transferred to OSM.

During FY 2005, Montana and North Dakota completed their funded coal outcrop fire projects awarded in FY 2004. Additional coal outcrop fire projects have been identified for funding in FY 2006 and FY 2007.

*d. Program Operations*

OSM performs all the work related to emergency reclamation occurrences on Federal and Tribal lands and in States without an emergency program. This begins with the initial investigation on the site in order to make two threshold determinations: (1) does an emergency condition exist? and (2) is the condition related to abandoned coal mining? Time is of the essence; in some instances, abatement activities begin within hours of OSM's initial investigation.

Once the determination is made that the site is eligible for funding as an emergency project, the Federal Reclamation Program staff obtains approval for project funding and develops the abatement plan. This includes:

- Compliance with the National Environmental Policy Act (NEPA) and the Historic Preservation Act;
- Obtaining the right of entry for access;
- Developing engineering plans and specifications needed for abatement;
- Preparing and mailing bid packages to potential construction contractors;
- Conducting pre-bid and pre-construction conferences;
- Awarding contracts;
- Coordinating, managing and inspecting all aspects of the ongoing construction; and
- Reviewing, approving and paying invoices.

*e. Civil Penalty Reclamation Projects*

Federal civil penalties collected under Section 518 of SMCRA are authorized for reclaiming lands mined and abandoned after passage of SMRCA on August 3, 1977. These funds are derived from civil monetary penalties from OSM-issued citations nationwide. The funds are also available for reclamation of bond forfeiture sites. These funds are divided among projects proposed by both State and Federal regulatory authorities and used for project costs only.



Since the major coal producing states administer their own programs, civil penalty revenues available to OSM have decreased to levels that are not sufficient for all emergency post act reclamation needs. In FY 2005, \$10,000 was awarded to Virginia to stabilize streambank erosion at the Town Hill Creek project that impacted a residential area and threatened a nearby church, parking lot and public road.

Civil penalty funding of \$88,610 was also provided to Alabama for the Moccasin Bend project. This effort involved removal of a dangerous highwall and two shallow water bodies located near the highwall, work which was finished in November 2005 through regrading of this 10 acre former mine site. Completion of this project eliminated a serious hazard to local residents of DeKalb County, Alabama.

*f. Bond Forfeitures*

These funds are receipts from forfeited performance bonds and can only be used to reclaim lands where the bond was forfeited where OSM was the regulatory authority. States have their own programs. Forfeited funds are site-specific and cannot be used to reclaim other sites or for other purposes. Surplus amounts must be returned to the operator. Using the forfeited funds, OSM issues and administers contracts for reclamation in accordance with the mining plan developed during the permit process. OSM is mandated under SMCRA to reclaim sites that have been abandoned and forfeited in Federal Program States. Bond forfeiture is an important component of OSM's mission to restore lands abused by mining.

In FY 2005, 20 acres involving reseeding and erosion control were reclaimed in the State of Tennessee at a cost of \$15,000. OSM anticipates reclaiming 15 acres in FY 2006 at a cost of \$65,000. This reclamation will consist of backfilling and grading, and drainage control and revegetation work. In FY 2007 it is planned that 40 acres will be reclaimed at a cost of \$30,500. The work on those sites will involve reseeding, tree planting, and erosion control. The costs vary on each site depending on the type of work that needs to be done.

#### **4. Program Development and Maintenance**

This program activity provides funding for reclamation program management and programmatic guidance to States and Tribes. The Program Development and Maintenance activity is an integral part of the State and Tribal funding program. The fund for this activity (\$3.1 million) supports the Department's Serving Communities goal. OSM has an ongoing process of reviewing existing policies in the Environmental Restoration business line. Whenever necessary, policies are revised to meet the existing need of the programs and to keep abreast of changes to the law.

OSM, in consultation with the States and Tribes, developed an oversight review system that provides for enhancement and performance evaluation of reclamation programs. OSM also assists States and Tribes to build on successes by providing ongoing technical assistance, by continually enhancing the primacy grants process, and by ensuring National Environmental Policy Act compliance, and by conducting program-focused enhancement and performance evaluation. OSM encourages States to assume responsibility for their reclamation and

emergency abatement programs, and supports implementation of their AML programs through technical and program assistance as needed.

OSM emphasizes State/Tribal and Federal partnerships in the AML program. OSM works directly with the States and Tribes, through State and Tribal associations and with other Federal agencies, to coordinate and enhance reclamation. Such relationships foster coordination essential to land reclamation. New policy and changes to existing policy are circulated to the States and Tribes for input prior to being finalized enabling OSM to make programmatic decisions in a collegial manner. Examples of activities are: (1) working with States/Tribes to develop improved strategic plan measurements for the AML program; (2) participating with EPA in conducting a Brownfields workshop for States and local watershed organizations; (3) holding meetings/workshops with the State/Tribal grantees to provide training for new employees to keep them abreast of policies and procedures and to solicit their input on issues in the grants program; and (4) working with the National Association of Abandoned Mine Land Programs (NAAML) to decide winners of the annual AML Reclamation Awards.

As the need arises, OSM works with the States on revision to their approved Abandoned Mine Plan. These changes are approved through the Reclamation Plan amendment process.

During FY 2005, the State Reclamation Plan amendment activity was as follows:

| <b>Table 2 – State Reclamation Plan Activity FY 05</b> |                             |                         |                          |                               |
|--|-----------------------------|-------------------------|--------------------------|-------------------------------|
| <i>Number of Amendments</i>                            |                             |                         |                          |                               |
| <b>Amendment Type</b>                                  | <b>Pending Oct. 1, 2004</b> | <b>Received FY 2005</b> | <b>Completed FY 2005</b> | <b>Pending Sept. 30, 2005</b> |
| <b>Informal</b>  | 0                           | 0                       | 0                        | 0                             |
| <b>Formal</b>  | 1                           | 1                       | 1                        | 1                             |
| <b>Total</b>   | 1                           | 1                       | 1                        | 1                             |

*a. AML Inventory*

OSM manages the National AML Inventory, which serves as a planning and evaluation tool for the States, Tribes, and OSM. The States and Tribes also use the inventory to assist them in planning to make funding decisions and to report program accomplishments. The inventory is maintained on a computer system known as the Abandoned Mine Land Inventory System (AMLIS). AMLIS is the system OSM uses to record and report AML Program accomplishments under GPRA.

In accordance with the requirements of SMCRA, AMLIS contains data for known Priority 1 and 2, pre-SMCRA coal reclamation problems. Each problem is classified as unfunded, funded or

completed. Problems are designated “funded” when construction contracts have been awarded to reclaim them. The AMLIS also contains information regarding funded and completed Priority 3 coal and post-SMCRA coal problems, as well as information on completed non-coal problems.

A WEB based version of AMLIS was deployed in FY 2003. It enables the public to readily access information in OSM’s Abandoned Mine Land Inventory. They can search for information about individual Problem Areas or query the Inventory. The results of a query can be shown in preformatted reports or on a map. The results of a query can also be downloaded. States, Indian tribes, and OSM are using a version of the WEB based AMLIS to enter/modify information.

*b. Grants Management*

OSM supports and participates in the Department of the Interior’s (DOI) grants simplification efforts based on Public Law 106-107, the Administration’s e-Government initiative, and Health and Human Services’ e-grants program (Grants.gov). Our work and performance in this area is highlighted in the following textbox.

**Electronic Grants Process.** DOI is currently working on a new agency-wide accounting system, Financial and Business Management System (FBMS). OSM was one of the first bureaus within the Department to implement the financial assistance module of the system after it went live on April 5, 2005. Prior to launch, OSM held a training session for State and Tribal staff in using the new system to enter grant applications and reports. The session also included a presentation and demonstration by Grants.gov. OSM has a decentralized grants management organization, with a small policy staff at headquarters. The day-to-day grants and program management is performed in regional/field offices, and accounting and reporting occurs under the Financial Management business line activity. OSM and the State/Tribal grantees cooperate to maximize the use of available funding and operate an effective program. Grantees provide input by participating on ad hoc teams and by reviewing and commenting on program changes in the program. This cooperative working relationship contributes to streamlined application and awards processes, faster obligation of Federal funds, innovative program monitoring, and less paperwork-intensive reporting and close-out of grants.

In addition, OSM periodically holds meetings/workshops with the State/Tribal grantees to provide training for grantees and to keep them abreast of policies and procedures.

*c. AML Enhancement Initiative*

OSM issued final rules on February 12, 1999, that allow more AML eligible sites to be reclaimed without significant additional cost to the government.

Under this rule, reclamation at a particular AML site can be provided by private contractors in exchange for the incidental coal found at the site. The removal of the coal must be a necessary part of the reclamation project. The cost to the AML program would, accordingly, be reduced by the value of the coal removed from the site. OSM expects to achieve environmental restoration at many sites that now contribute to AMD or create other environmental problems that likely would never be mined and reclaimed by industry under Title V. Removal of coal at many of

these abandoned sites should permanently eliminate the environmental problems and their sources.

The rule includes a number of important safeguards to ensure that remaining under the AML program will not be used as a loophole for coal operators to avoid regulation. One control will disqualify sites where it is economical and feasible to recover coal under Title V provisions. A second is that all administrative and financial procedures and the environmental safeguards of the existing AML programs will apply to projects covered under the scope of the proposal.

The States and Indian Tribes have the option of adopting the provisions of this rule in their reclamation programs. Several States have availed themselves of this opportunity. Pennsylvania has amended its program and has already identified 41 areas to be eventually reclaimed under this concept. Ohio published its final rules in 1999, and Virginia, Maryland and Alabama published its rules in 2000. In 2003, both Kentucky and West Virginia implemented program changes.

**2006 PLANNED PROGRAM PERFORMANCE**

- Through grants provided to States and Indian tribes, will reclaim 6,900 equivalent acres of abandoned coal mines sites.
- Continue partnerships and related reclamation through watershed cooperative agreements.
- Continue assistance to communities interested in VISTA Watershed Development Coordinators in states, under the Appalachian Clean Streams Program.
- Meet performance goals as defined on the next page.

**2005 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2005, the major accomplishments in the Environmental Restoration program activity include:

- Through grants provided to States and Indian tribes, reclaimed 6,600 equivalent acres of abandoned coal mine lands presenting health and safety hazards.
- Distributed \$3.2 million to 11 States under the Clean Streams Program to restore and improve the quality of watersheds damaged by mining.
- OSM placed 22 summer interns with watershed organizations in 8 States.
- Awarded \$2.1 million in the form of 23 new watershed cooperative agreements and 2 amendments to organizations in 7 States for acid mine drainage treatment projects.
- OSM and States started 333 emergency abandoned coal mine reclamation projects in 18 states.
- Emergency abatement efforts directly affected 8,975 people.

*Office of Surface Mining Reclamation and Enforcement*

**ENVIRONMENTAL RESTORATION PERFORMANCE OVERVIEW**

| Measures:   | 2004 Actual | 2005 Plan | 2005 Actual | Change from 2005 Plan | 2006 Enacted | 2006 Change from 2005 Actual | 2007 Request | 2007 Change from 2006 |
|---|-------------|-----------|-------------|-----------------------|--------------|------------------------------|--------------|-----------------------|
| Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) <u>1/</u> (SP) (PART) | 6,965       | 6900      | 6,600       | -300                  | 6,900        | +300                         | 6,900        | 0                     |
| Number of stream-miles for which degradation from past surface coal mining has been improved (SP) (PART)  | 33          | 35        | 28          | -7                    | 35           | +7                           | 35           | 0                     |
| Number of surface acres of water for which degradation from coal mining has been improved. (SP) (PART)  | 36          | 35        | 35          | 0                     | 35           | 0                            | 35           | 0                     |
| Number of active partnering and leveraging agreements. <u>2/</u> (PART)   | 74          | 56        | 110         | +54                   | 56           | -54                          | 56           | 0                     |
| The amount of increased funds derived from active partnering and leveraging agreements. <u>2/</u> (PART)  | 8,179,634   | 70,000    | 27,692,333  | +27.6 M               | 70,000       | -27.6M                       | 70,000       | 0                     |
| Number of people with reduced exposure potential to safety risks from abandoned mine lands. <u>3/</u> (SP) (PART)                                 | 160,257     | 11,000    | 2,244,458   | +2.23 M               | 160,000      | -2.1 M                       | 160,000      | 0                     |
| Percentage of declared emergencies abated within six months. (PART)   | 98%         | 95%       | 96%         | +1%                   | 95%          | -1%                          | 95%          | 0                     |
| Number of people directly affected by emergencies (Emergencies abated). (PART)  | 11,400      | 8,250     | 8,975       | +725                  | 8,300        | -675                         | 8,300        | 0                     |
| Percent of AML grant funds obligated nationally by States and Tribes. (PART)  | 96%         | 90%       | 95%         | +5%                   | 90%          | -5%                          | 90%          | 0                     |

1/ For simplifying reporting, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres.

2/ Targets to be revised to reflect better baseline data. OSM is currently reviewing the Clean Streams Program activities and measures. Leveraging agreements and funds derived are cumulative figures.

3/ Target revised to reflect better baseline data and adjusted for anomalies.

SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; BUR = Bureau Measure; PPM = Proposed PART Measure

**See “Goal Performance Tables” Tab for an explanation of targets and/or changes in the measures.**

**ENVIRONMENTAL PROTECTION**

(dollars in thousands)

|                               |        | 2005<br>Actual | 2006<br>Enacted | Fixed Costs<br>& Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2007<br>Budget<br>Request | Change<br>from 2006<br>(+/-) |
|-------------------------------|--------|----------------|-----------------|--|-----------------------------|---------------------------|------------------------------|
| Regulation<br>&<br>Technology | \$\$\$ | 79,821         | 78,395          | +570   | +2,000                      | 80,965                    | +2,570                       |
|                               | FTE    | 197            | 204             | +2   | 0                           | 206                       | +2                           |
| Abandoned<br>Mine Land        | \$\$\$ | 0              | 0               | 0  | 0                           | 0                         | 0                            |
|                               | FTE    | 0              | 0               | 0  | 0                           | 0                         | 0                            |
| TOTAL                         | \$\$\$ | 79,821         | 78,395          | +570   | +2,000                      | 80,965                    | +2,570                       |
|                               | FTE    | 197            | 204             | +2   | 0                           | 206                       | +2                           |

The FY 2007 budget request for Environmental Protection is \$80,965,000 and 206 FTE. This is a net increase of \$2,570,000 of which \$2 million is for a program change and \$570,000 is for fixed costs and related changes. Of the fixed costs and related changes increase, \$150,000 reflects funding for vehicle fuel moved to the program areas instead of maintaining funding in a central account under Executive Direction. There is an anticipated increase of 2 FTE from the 2006 enacted level due to the delay in hiring in FY 2005 and FY 2006.

Justification of 2007 Program Change.

State and Tribal Funding (+\$2 million) - While congressional appropriations for regulatory program grants have remained relatively static since FY 2001, requests from states and tribes have shown a steady increase over the years. This increase reflects a rise in the fixed costs (e.g., salaries, fringe benefits, rents and utilities) that constitute by far the largest proportion of regulatory program expenditures. States must have sufficient staff to complete permitting and inspection and enforcement actions needed to protect citizens of the coal fields.

GPRA goals for the SMCRA regulatory program are eliminating off-site impacts and restoring the land to full use. Providing adequate funding for state regulatory program grants is essential to OSM's efforts to achieve those goals. When funding falls below program needs, programs may be unable to keep active sites free of off-site impacts, reclaim mined acres, and prevent injuries. The current measures and targets for this program will remain the same as FY 2006 and can be found at the end of this section and under the "Goal Performance Tables" Tab.

**MISSION GOAL: TO PROTECT PEOPLE AND THE ENVIRONMENT  
DURING CURRENT MINING OPERATIONS AND TO ENSURE THAT THE LAND  
IS RESTORED TO BENEFICIAL USE AFTER MINING HAS CEASED.**

The Environmental Protection business line provides resources to administer a regulatory program over coal mine operations in 24 primacy States, in Federal program states, and on Federal and Indian Lands. The program addresses the protection of public health, safety, and general welfare from the adverse affects of current mining, and restoration of land at the conclusion of mining. Current coal mining operations include over 4.4 million acres in 26 States and on the lands of three Indian Tribes. During active mining, the potential risk from safety and environmental hazards exists within the permitted site. However, because of required SMCRA precautions, long-term effects are minimized. If these safeguards are not taken during and after current mining, the nation could face reclamation costs that far exceed the \$8.5 billion cost of addressing existing priority 1, 2, and 3 AML problems.

The business line supports DOI's Resource Use mission goal through the State and Federal regulatory programs under SMCRA to ensure that coal extraction operations are conducted in an environmentally responsible manner, and that the land is adequately reclaimed during and following the mining process. OSM administers Federal programs in Washington and Tennessee. OSM also administers the Indian Lands Program for mining on Navajo, Hopi, Ute, and Crow Tribal lands. States assist OSM through cooperative agreements to regulate mining on Federal lands. OSM supports State regulatory programs with grants and technical assistance.

The regulatory grants and state evaluation programs were reviewed under the FY 2005 Program Assessment Rating Tool (PART) process. The assessment found:

- The purpose of the regulatory program is clear;
- States and Indian Tribes assess the program annually through meetings and conferences held throughout the year; and
- Measurable outcome-based performance goals are needed.

In response to the third finding above, OSM has held several meetings in 2003 - 2004 with State representatives to develop new measures. OSM is considering recommended measures from those meetings in its development of final measures. Furthermore, as a result of a review by DOI's Office of Inspector General issued October 2004, OSM initiated a study using trend data and ratios of past mining and reclamation of mined sites to identify data elements, determine availability of data, and further develop a measure for its regulatory accomplishments. OSM developed a performance goal that would measure accomplishments by the ratio of cumulative reclaimed (restored) acreage to cumulative mined acreage (represented by bonded acreage). This measure is included as a proposed PART measure in our performance table.

For the FY 2006 budget process, OSM's Federal Regulatory and Abandoned Mine Land Program was evaluated. The scope of this review included the components of Federal regulation of mining operations in 12 states and on Indian Lands, recommendations on mining plans on Federal Lands; Federal reclamation of abandoned mined lands through high priority and



emergency projects; and associated support costs such as technology development and training. Results showed that the program is needed and well run. Performance measures for the regulatory program need further development as previously indicated in the FY 2005 PART. As stated above, OSM developed a proposed final out-come measure in response to this recommendation. In addition, the PART recommended that FY 2006 funding be targeted to increase the technical capacity of OSM staff and inspectors. The FY 2006 enacted budget was consistent with that recommendation and provides for funding increases in OSM's National Technical Training Program and Technical and Innovation and Professional Services programs. The FY 2007 budget request continues with that commitment.

**Operational Processes (Program Activities):** Program activities within this business line ensure the environment is protected during surface coal mining operations and that coal operators adequately reclaim disturbed land after mining is completed.

**ENVIRONMENTAL PROTECTION  
ENCOMPASSES:**

*State and Tribal Funding*

- *State Grants*
- *State Regulatory Activities*
- *Cooperative Agreement Funding*
- *Tribal Regulatory Development Grants*

*Federal Program*

*Federal Lands Program*

*Indian Lands Program*

*State Program Evaluation*

This business line also provides for OSM's costs to ensure that States' programs are current with all Federal regulatory requirements. The State and Tribal funding program activity includes grants to States to regulate coal operations on lands within their borders. For States with cooperative agreements, this activity also includes grants to regulate coal operations on Federal lands.

Finally, this activity includes grants to Tribes to develop regulatory programs and to assist OSM in the regulation of surface

coal mining and reclamation operations on Tribal lands. The State Program Evaluation activity funds OSM's oversight of State programs. The Federal Program activity funds OSM activities to ensure SMCRA compliance for non-primacy States (States with a Federally-administered regulatory program). The Federal Lands Program activity funds OSM's activities in preparing Mining Plan Decision Documents for leased Federal coal as well as any regulatory activities on Federal Lands not covered by a cooperative agreement. The Indian Lands Program activity funds OSM's regulatory responsibilities on Indian Lands.

OSM's Environmental Protection mission goal promotes responsible mineral extraction and addresses the protection of public health, safety, and general welfare from the adverse affects of current surface coal mining and reclamation operations since the enactment of SMCRA in 1977. The performance measures for this goal are the protection of the environment and public from

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off-site impacts resulting from surface coal mining operations and successful reclamation on lands affected by surface coal mining operations. This goal is accomplished through the cooperative efforts of the OSM and State regulatory offices. The following measures are used by OSM as indicators of annual performance.

Off-site impacts, are negative effects resulting from surface coal mining activities such as, blasting or water runoff that affect people, land, water, or structures outside the permitted area of mining operations. The severity of the impacts is rated as minor, moderate, or major. Due to the nature of mining, it is inevitable that some impacts will occur.

Acres released from Phase I, II, or III Bond Release, This performance measure is the number of acres of land that is reclaimed every year by active coal mine operators, and is dependent on the operator to file an application for the release. This is documented and measured through a series of bond releases. The bonds are required to assure that funds are available for reclamation in case the operator fails to reclaim the mined land. Phase III bond release shows the number of acres that have been fully reclaimed from current mining operations, and have met the performance standards.

**Actions Required to Achieve Annual Goals:** OSM continues its outreach to interested parties to address concerns related to mountaintop removal operations, acid mine drainage, and slurry and other impoundments, to evaluate its rules, to advance re-mining efforts, and to ensure that contemporaneous reclamation is occurring. OSM will continue to practice cooperative conversation through working in partnership with States and Tribes to carry out the mission of the SMCRA. The shift in OSM's role from direct enforcement to oversight has refocused actions on mission accomplishment while fostering better working relationships with States.

**Resources, Skills, and Technology Needed:** Program analysts, reclamation specialists, grant specialists, and various support personnel are needed to implement the State regulatory program and to conduct program evaluations. OSM and the primacy States also will continue to need a diverse and multidisciplinary cadre of personnel skilled in scientific and engineering areas to review mine permits, determine whether performance bond coverage and amounts are sufficient to ensure reclamation, conduct mine site inspections, and implement enforcement actions when necessary. Computer systems personnel are needed to help maintain various data systems, such as the National Inspection and Enforcement Tracking System that contains data from OSM's oversight and regulatory program inspections.

For FY 2007, the President's Budget requests \$58.3 million to fund 24 State regulatory programs at the maximum 50 percent Federal match level. Additionally, this amount will provide full funding for 14 Federal lands cooperative agreements with States and full funding of four Tribal regulatory program development grants.

The FY 2007 budget request includes \$8.2 million to continue its State program oversight activities and \$5.8 million to fund regulatory programs in non-primacy States like, Tennessee and Washington. Also included in the FY 2007 budget request is \$1.5 million for OSM to regulate Federal Lands, \$2.4 million for regulatory programs on Indian Lands, and \$4.7 million

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for program development and maintenance to ensure that regulatory standards adequately reflect changes in technologies and program needs.

The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of cooperative work between OSM, States, and Tribes to regulate coal-mining activities that will continue in FY 2007 and support this budget request.

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**Table 3 – Justification of Program and Performance  
Environmental Protection**

Summary Increases/Decreases for FY 2007  
(Dollars in Thousands)

| Program Activity         |        | Regulation & Technology |                  |                 | Abandoned Mine Lands |                  |                 | Total          |                  |                 | Inc/Dec<br>(+/-) |
|--------------------------|--------|-------------------------|------------------|-----------------|----------------------|------------------|-----------------|----------------|------------------|-----------------|------------------|
|                          |        | 2005<br>Actual          | 2006<br>Estimate | 2007<br>Request | 2005<br>Actual       | 2006<br>Estimate | 2007<br>Request | 2005<br>Actual | 2006<br>Estimate | 2007<br>Request |                  |
| State and Tribal Funding | \$\$\$ | 57,207                  | 56,365           | 58,365          | 0                    | 0                | 0               | 57,207         | 56,365           | 58,365          | +2,000           |
|                          | FTE    | 0                       | 0                | 0               | 0                    | 0                | 0               | 0              | 0                | 0               | 0                |
| State Program Evaluation | \$\$\$ | 8,016                   | 8,031            | 8,242           | 0                    | 0                | 0               | 8,016          | 8,031            | 8,242           | +211             |
|                          | FTE    | 82                      | 84               | 85              | 0                    | 0                | 0               | 82             | 84               | 85              | +1               |
| Federal Programs         | \$\$\$ | 5,263                   | 5,655            | 5,785           | 0                    | 0                | 0               | 5,263          | 5,655            | 5,785           | +130             |
|                          | FTE    | 43                      | 45               | 45              | 0                    | 0                | 0               | 43             | 45               | 45              | 0                |
| Federal Lands            | \$\$\$ | 1,467                   | 1,463            | 1,525           | 0                    | 0                | 0               | 1,467          | 1,463            | 1,525           | +62              |
|                          | FTE    | 11                      | 12               | 12              | 0                    | 0                | 0               | 11             | 12               | 12              | 0                |
| Indian Lands             | \$\$\$ | 2,332                   | 2,331            | 2,372           | 0                    | 0                | 0               | 2,332          | 2,331            | 2,372           | +41              |
|                          | FTE    | 19                      | 20               | 20              | 0                    | 0                | 0               | 19             | 20               | 20              | 0                |
| Program Dev/Maint.       | \$\$\$ | 5,536                   | 4,550            | 4,676           | 0                    | 0                | 0               | 5,536          | 4,550            | 4,676           | +126             |
|                          | FTE    | 42                      | 43               | 44              | 0                    | 0                | 0               | 42             | 43               | 44              | +1               |
| TOTAL                    | \$\$\$ | 79,821                  | 78,395           | 80,965          | 0                    | 0                | 0               | 79,821         | 78,395           | 80,965          | +2,570           |
|                          | FTE    | 197                     | 204              | 206             | 0                    | 0                | 0               | 197            | 204              | 206             | +2               |

## **2007 PROGRAM PERFORMANCE ESTIMATES**

### **1. State and Tribal Funding**

The \$58.3 million requested for State and Tribal Funding supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment.

#### *a. State Grants*

The principal means of providing environmental protection within the framework of SMCRA is through "primacy" States that receive Federal grant funding. Primacy States have the most direct and critical responsibilities for conducting regulatory operations to minimize the impact of coal extraction operations on people and the environment. The States have the unique capabilities and knowledge to regulate the lands within their borders. Providing a 50 percent match of Federal funds to primacy States in the form of Administration and Enforcement (A&E) Grants results in the highest benefit and the lowest cost to the Federal government. If a State were to relinquish primacy, OSM would have to hire sufficient numbers and types of Federal employees to implement the program. The cost to the Federal government would be significantly higher.

#### *b. State Regulatory Activities*

Activities of State regulatory authorities include: permit review and issuance, with reliance on the Applicant Violator System (AVS) to ensure that permits will not be issued to operators with outstanding violations; inspection and enforcement; designation of lands unsuitable for mining; and ensuring timely reclamation after mining. In addition, individual States may conduct special activities to address specific needs. These activities may include upgrading permitting programs, computerizing systems to improve review of pending permits, and drafting regulations that respond to changes in Federal rules.

All active and inactive sites, facilities, and areas that support coal mining and reclamation within a State are inspected by the State regulatory authority for compliance with all program requirements. SMCRA requires all active inspectable units under the permanent program to have four complete and eight partial inspections per year. Four complete inspections are required annually for all inactive units.

#### *c. Cooperative Agreement Funding*

Cooperative agreements with OSM allow States to review and issue permits and conduct the required inspections of regulated facilities on Federal lands. Cooperative agreements provide for uniform enforcement of State program requirements at all facilities within the State and reduce both direct Federal program costs and Federal staff requirements. SMCRA section 705 (c) sets the amount that a State may receive through a cooperative agreement at up to 100 percent of the amount that the Federal government would have to spend to do the same work.

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Currently, the following 14 States have entered into cooperative agreements with OSM to administer most surface coal mining requirements on Federal lands: Alabama, Colorado, Illinois, Indiana, Kentucky, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Utah, Virginia, West Virginia, and Wyoming.

*d. Tribal Regulatory Development Program Grants*

As allowed by the Energy Policy Act of 1992 and Section 710 (i) of SMCRA, OSM provides grants to the Crow, Hopi, Navajo, and Northern Cheyenne Tribes to assist them in developing regulations and programs for regulating surface coal mining and reclamation operations on Indian lands. The grant amounts are based on each Tribe's anticipated workload to develop Tribal regulations and policies, to assist OSM with surface coal mine inspections and enforcement (including permitting activities, mine plan review and bond release) and to sponsor employment training and education concerning mining and mineral resources. These grants fund 100 percent of the Tribal primacy development activities.

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**Table 4 – Fiscal Year 2007 State & Tribal Regulatory Funding Estimates  
(Federal dollars only)**

*These amounts are based on FY 2006 funding levels, and also FY 2007 State grant requests (18-month estimates). They represent 50% of the costs to regulate surface coal mining on non-federal lands and 100% of the costs on Federal and Tribal Lands. Actual grant awards will be based on historical expenditures, justifications by the States, and OSM evaluations.*

| State/Tribe   | Non-Federal Lands | Federal Lands    | Total             |
|---------------|-------------------|------------------|-------------------|
| Alabama       | 984,017           | 12,330           | 996,347           |
| Alaska        | 190,114           | 0                | 190,114           |
| Arkansas      | 150,617           | 0                | 150,617           |
| Colorado      | 413,976           | 1,557,340        | 1,971,316         |
| Illinois      | 2,347,719         | 112,454          | 2,460,173         |
| Indiana       | 1,936,516         | 0                | 1,936,516         |
| Iowa          | 129,826           | 0                | 129,826           |
| Kansas        | 113,531           | 0                | 113,531           |
| Kentucky      | 11,323,203        | 1,094,452        | 12,417,655        |
| Louisiana     | 168,801           | 0                | 168,801           |
| Maryland      | 595,938           | 0                | 595,938           |
| Mississippi   | 114,692           | 0                | 114,692           |
| Missouri      | 254,487           | 0                | 254,487           |
| Montana       | 209,040           | 850,599          | 1,059,639         |
| New Mexico    | 287,308           | 456,464          | 743,772           |
| North Dakota  | 297,550           | 255,041          | 552,591           |
| Ohio          | 2,037,148         | 0                | 2,037,148         |
| Oklahoma      | 608,807           | 339,635          | 948,442           |
| Pennsylvania  | 10,756,090        | 0                | 10,756,090        |
| Texas         | 1,328,533         | 0                | 1,328,533         |
| Utah          | 228,601           | 1,529,866        | 1,758,467         |
| Virginia      | 3,287,038         | 0                | 3,287,038         |
| West Virginia | 11,596,919        | 0                | 11,596,919        |
| Wyoming       | 288,786           | 1,849,206        | 2,137,992         |
| Crow Tribe    | 0                 | 30,430           | 30,430            |
| Hopi Tribe    | 0                 | 175,451          | 175,451           |
| Navajo Nation | 0                 | 452,475          | 452,475           |
| N. Cheyenne   | 0                 | 0                | 0                 |
| <b>TOTALS</b> | <b>49,649,257</b> | <b>8,715,743</b> | <b>58,365,000</b> |

## 2. State Program Evaluation

The \$8.2 million requested for State Program Evaluation supports the Department's Resource Use goal area by ensuring the efficient operation of State regulatory programs.

### *a. Oversight Strategy*

OSM's current oversight strategy focuses on whether the public protection requirements and environmental protection standards of SMCRA are being met, with primary focus on end results and the on-the-ground success of States in meeting SMCRA's environmental protection goals. This includes prompt and effective reclamation of coal mine land and public participation in the regulatory program.

OSM conducts oversight under a results-oriented strategy that emphasizes cooperative problem solving with the States, evaluations tailored to State-specific conditions, and the development of performance agreements. This strategy has promoted a more positive attitude and spirit of cooperation that lets OSM work cooperatively with the States to improve State program implementation. To provide clarity in guidance and consistency in oversight and evaluation, OSM continues to review and refine its oversight strategy.

### *b. OSM-State Performance Agreements*

OSM's oversight directive outlines the performance agreement as a framework for OSM and the State to agree on a plan to conduct oversight activities. Joint efforts to prepare workable performance agreements also maintain and improve the relationship between OSM and the State, fostering shared responsibilities and a more open discussion of difficult issues.

Inspections are identified in performance agreements and are planned and conducted to collect data relative to the oversight directive and the annual evaluation report. Many reviews are designed to investigate some previously identified areas of concern. Inspections often are the means to collect the data. Joint inspections with the States provide the opportunity for OSM's Field Offices to work cooperatively with the States and industry to resolve problems.

### *c. Public Participation*

OSM's oversight directive provides great flexibility to conduct oversight activities in a manner consistent with the needs of individual State programs. Central to identifying potential needs and oversight topics are the views of the public. Periodic meetings are held by OSM Field Offices to identify public concerns regarding coal mining regulatory programs.

### *d. Oversight Inspections*

SMCRA requires the Secretary to conduct mine inspections to evaluate the administration of State programs. Inspections are conducted on a range of sites - from those actively producing coal to forfeited bond sites awaiting reclamation. OSM's policy gives its regional and field managers discretion and flexibility to be proactive and to prioritize and selectively target their



inspections to focus on those topics and activities that present the best opportunity for environmental improvement or the best means of evaluating the impact of program implementation on society and the environment. For example, inspections may focus on high-priority problems such as acid mine drainage, impoundments and other problem areas, as well as current coal mining operations and abandoned mine sites awaiting reclamation. This policy allows for the most effective use of available resources.

Consistent with the intent of SMCRA that States take the lead in regulatory programs, the vast majority of inspections were performed by the States: over 77,000 in 2005. In contrast, OSM conducted 1,554 inspections in primacy States. See Table 5.

The projected FY 2006 and 2007 oversight inspection workload will be about the same as in FY 2005. The actual number will be adjusted depending on the program areas, the presence or absence of problems, input from the public, and the terms of the performance agreements in each State.

*e. Ten Day Notices*

The primary emphasis of inspections is to identify issues and resolve them before they become problems and to evaluate whether SMCRA's environmental protection and reclamation goals are being achieved. When a Federal inspection reveals violations of State programs (other than imminent danger of significant environmental harm or danger to the public, both of which require immediate issuance of a cessation order), a Ten-Day Notice (TDN) is issued to the State. All such notices require written responses from the State regarding the actions taken to resolve the alleged violations, or a statement of good cause for not taking such action. A Federal review, which may include a field inspection, is conducted following a TDN when the State does not act or show good cause for not doing so. If the review or inspection shows that a violation exists, and the State fails to take appropriate action, a Federal enforcement action may be taken. While OSM does not second-guess States on judgment calls, the agency's ability to take enforcement actions to address isolated State program violations is far less drastic, disruptive, and costly than a Federal takeover.

The inspection component also includes the process for addressing citizen requests for Federal inspection. Citizen requests received by OSM in primacy States are referred directly to the State regulatory authority using the TDN process, unless there is evidence that imminent danger of significant environmental harm or immediate danger to the public exists. In such cases, OSM will immediately conduct a Federal inspection. The State official and citizen requestor are notified prior to the inspection and given the opportunity to accompany the inspector when a Federal inspection is conducted.

Table 5 provides FY 2005 data on the number of State inspections and OSM oversight inspections conducted in primacy States. State data is for the time period of July 1, 2004 through June 30, 2005.

| <b>Table 5 – FY 2005 Primacy State and OSM Inspections</b> |                |                 |               |                      |
|--|----------------|-----------------|---------------|----------------------|
|  | <b>STATE</b>   |                 |               | <b>OSM<br/>TOTAL</b> |
|  | <b>PARTIAL</b> | <b>COMPLETE</b> | <b>TOTAL</b>  |                      |
| Alabama  | 373            | 2,374           | 2,747         | 69                   |
| Alaska   | 63             | 28              | 91            | 4                    |
| Arkansas   | 102            | 49              | 151           | 6                    |
| Colorado   | 318            | 182             | 500           | 11                   |
| Illinois   | 862            | 395             | 1,257         | 103                  |
| Indiana  | 1,292          | 596             | 1,888         | 58                   |
| Iowa   | 8              | 20              | 28            | 0                    |
| Kansas   | 95             | 49              | 144           | 4                    |
| Kentucky   | 14,213         | 7,621           | 21,834        | 407                  |
| Louisiana  | 16             | 8               | 24            | 3                    |
| Maryland   | 596            | 343             | 939           | 27                   |
| Mississippi  | 9              | 4               | 13            | 1                    |
| Missouri   | 84             | 13              | 97            | 26                   |
| Montana  | 80             | 89              | 169           | 5                    |
| New Mexico   | 85             | 32              | 117           | 2                    |
| North Dakota   | 522            | 136             | 658           | 9                    |
| Ohio   | 2,014          | 1,323           | 3,337         | 119                  |
| Oklahoma   | 395            | 270             | 665           | 29                   |
| Pennsylvania   | 9,782          | 6,818           | 16,600        | 340                  |
| Texas  | 248            | 124             | 372           | 9                    |
| Utah   | 224            | 117             | 341           | 6                    |
| Virginia   | 3,214          | 2,633           | 5,847         | 111                  |
| West Virginia  | 11,864         | 7,249           | 19,113        | 198                  |
| Wyoming  | 239            | 143             | 382           | 7                    |
| <b>Total</b>   | <b>46,698</b>  | <b>30,616</b>   | <b>77,314</b> | <b>1,554</b>         |

### **3. Federal Programs**

The \$5.8 million requested for Federal Programs supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment.

The permit review process in Federally administered programs consists of review of the permit application package for administrative completeness and technical adequacy, preparation of findings and supporting documentation, and conducting an environmental analysis. Review timeframes vary depending on the complexity of a permit application, the size of the mine, and the response times of applicants submitting additional information required to process the permit application.

Tennessee is the largest Federal program in terms of the number of permits. Other Federal programs with current or projected regulatory activity include Georgia and Washington, with the bulk of that activity in Washington. Programs also are in place for Arizona, California, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, and South Dakota. The following bullets highlight key characteristics of two of the largest Federal programs, Tennessee and Washington:

- Tennessee: There are 125 active mine sites, 29 inactive sites, and 177 abandoned sites in Tennessee. Coal production has stabilized in recent years and is fluctuating around 3 million tons annually. While OSM has discussed the possible return of primacy to Tennessee with State officials on numerous occasions over the years, there continues to be no interest shown in assuming the program.
- Washington: There are two active surface coal mines regulated under the Washington Federal Program. The Centralia Mine, located about 25 miles southeast of Olympia, Washington produces approximately six million tons of coal annually and will affect some 8,100 acres of land within a 14,450-acre permit area during the 40-year life of the mine. The John Henry No. 1 Mine, covering 480 acres near the City of Black Diamond, only produces a small amount of bituminous coal annually.

Other Federal Enforcement: Beginning in August 2003 and continuing through January 2006, OSM substituted Federal enforcement for major parts of the Missouri regulatory program because the State legislature did not fully fund the program for state fiscal years 2004 and 2005. In May, 2005, the Governor of Missouri notified OSM that the state intended to fully fund the Coal Mine Regulatory Program. OSM worked with the Missouri Department of Natural Resources on a plan to resume the program, and on February 1, 2006, OSM returned full regulatory responsibilities for the coal mining and reclamation activities to Missouri.

Table 6 provides inspection and enforcement data for Federal program States during FY 2005.

| <b>Table 6 - FY 2005 Federal Program States Inspection / Violation Data</b> |                    |                |              |                   |                   |
|---|--------------------|----------------|--------------|-------------------|-------------------|
| <b>STATE</b>  | <b>INSPECTIONS</b> |                |              | <b>NOV'S</b>      | <b>FTA CO'S</b>   |
|   | <b>COMPLETE</b>    | <b>PARTIAL</b> | <b>TOTAL</b> | <b>VIOLATIONS</b> | <b>VIOLATIONS</b> |
| Georgia   | 3                  | 0              | 3            | 0                 | 0                 |
| Tennessee   | 810                | 937            | 1,747        | 47                | 2                 |
| Washington  | 8                  | 20             | 28           | 8                 | 0                 |
| Other *   | 66                 | 139            | 205          | 0                 | 0                 |
| <b>TOTALS</b>   | <b>887</b>         | <b>1,096</b>   | <b>1,983</b> | <b>55</b>         | <b>2</b>          |

\* Reflects inspections conducted by OSM staff in Missouri from July 1, 2004 – June 30, 2005.

#### 4. Federal Lands Program

This program activity includes direct OSM regulatory activities on Federal lands in States without cooperative agreements, implementation of cooperative agreements with primacy States to regulate coal mining on Federal lands within their borders, preparation of mining plan decision documents under the Mineral Leasing Act, and processing valid existing rights claims that involve certain Federal Lands. The \$1.5 million requested for this activity supports the Department’s Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment. As part of this program activity, OSM consults and coordinates with State Historic Preservation Offices, the U.S. Fish and Wildlife Service (FWS), Bureau of Land Management (BLM), U.S. Forest Service (USFS), National Park Service (NPS), the Environmental Protection Agency (EPA) and the Army Corp of Engineers (COE). The processing of mining plan decision documents constitutes the largest part of the workload under this program activity.

Table 7 provides projected mining plan decision document workload data.

| <b>Table 7– Mining Plan Decision Document Workload on Leased Federal Coal, by Fiscal Year</b> |                       |                          |
|---|-----------------------|--------------------------|
| <b>Mining Plans and Modifications to Existing Mining Plans</b>                                |                       |                          |
| <b>Activity</b>   | <b>FY 2005 Actual</b> | <b>FY 2006 Projected</b> |
| In progress prior FY  | 15                    | 14                       |
| Anticipated current FY  | 10                    | 7                        |
| Total FY Workload   | 25                    | 21                       |
| Completed in FY   | 11                    | 11                       |
| Balance, end of FY  | 14                    | 10                       |

Under this program activity, OSM also provides support to BLM and USFS in leasing activities that involve Federal coal resources. OSM's participation in NEPA compliance analyses prepared at the leasing stage ensures the consideration of OSM permitting or mine plan approval concerns. This cooperative effort saves mining companies valuable time in the leasing and mine plan approval process; it also may result in improved resource recovery. In addition, satisfactory evaluation of the environmental impacts of coal mining in the proposed lease area at the time of leasing can reduce the likelihood of the need for a subsequent Environmental Assessment (EA) or Environmental Impact Statement (EIS) for mining plan approval under SMCRA.

## **5. Indian Lands Program**

OSM is responsible for coal mining and reclamation activities on Indian lands. The Indian lands program includes permit application review, determination of performance bond amounts, inspection and enforcement, bond release, and maintaining a staff to coordinate with the individual Tribes and other Federal agencies, as necessary. The proposed budget provides \$2.4 million to fund the activities to promote responsible mineral extraction on Indian Lands to meet the Nation's energy needs.

The Crow, Hopi, and Ute Mountain Ute Tribes; and the Navajo Nation have coal-mining activities on their lands. The McKinley Mine and Navajo Mine are large surface mines on the Navajo Nation. The Black Mesa/Kayenta mining complex involves Navajo coal beneath Navajo surface, and coal jointly owned by the Navajo nation and the Hopi Tribe – most of which is beneath Navajo surface and some of which is beneath Hopi surface. One surface mine in Montana mines coal owned by the Crow Tribe and a haul road supporting reclamation operations at a New Mexico mine crosses the Ute Mountain Ute Reservation. The Crow, Northern Cheyenne and Hopi Tribes, and the Navajo Nation are evaluating coal properties for future development. The Indian lands mines are among the largest in the United States, with a total of about 101,000 acres regulated by OSM.

OSM coordinates closely with Indian Tribes. The Federal trust responsibility is a legal obligation under which the United States has charged itself with moral obligations of the highest responsibility and trust toward Indian Tribes. OSM ensures that the lands and trust resources of Federally-recognized Tribes and their members are identified, conserved, and protected. In fulfilling these responsibilities, OSM operates within a government-to-government relationship with Indian Tribes. To aid in meeting trust responsibilities, OSM, BIA, BLM and MMS sponsor a continuing Indian Trust Responsibilities and Federal Obligations training program.

| <b>Table 8 – FY 2005 Indian Lands Inspection Data</b> |             |           |            |            |
|---|-------------|-----------|------------|------------|
| TRIBE   | INSPECTIONS |           |            | NOV'S      |
|   | COMPLETE    | PARTIAL   | TOTAL      | VIOLATIONS |
| Crow Tribe  | 3           | 7         | 10         | 0          |
| Hopi Tribe  | 8           | 4         | 12         | 0          |
| Navajo Nation   | 62          | 46        | 108        | 13         |
| Ute Tribe   | 4           | 8         | 12         | 0          |
| <b>TOTALS</b>   | <b>77</b>   | <b>65</b> | <b>142</b> | <b>13</b>  |

| <b>Table 9-Permit and Permit Revision Workload<br/>where OSM is the Regulatory Authority, by Fiscal Year</b> |  |                      |                   |                      |
|--|--|----------------------|-------------------|----------------------|
| Activity   | Federal Programs<br>(Non-Primacy States) |                      | Indian Lands      |                      |
|  | FY 2005<br>Actual                        | FY 2006<br>Projected | FY 2005<br>Actual | FY 2006<br>Projected |
| In progress previous FY  | 76                                       | 88                   | 50                | 46                   |
| Anticipated current FY   | 115                                      | 115                  | 80                | 75                   |
| Total FY workload  | 191                                      | 203                  | 130               | 121                  |
| Completed in FY  | 103                                      | 113                  | 84                | 75                   |
| Balance, end of FY   | 88                                       | 90                   | 46                | 46                   |

## 6. Program Development and Maintenance

Work elements under this program are primarily related to policy actions, such as rulemaking, grants management and special studies that support the other program activities in the environmental protection business line. The budget proposal provides \$4.7 million to support the Department's Resource Use goal.

### a. *Rulemaking*

OSM issues Federal rules and prepares the associated information collection clearance packages. Functions under this program activity include rule development and preparation of environmental assessments, environmental impact statements, records of compliance, and

economic analyses for all rules prepared by OSM. OSM also maintains the administrative record for rules and coordinates rule publication with the Office of the Federal Register.

Rulemaking Associated with State Programs: OSM assists States with development, administration, implementation, and maintenance of their approved regulatory programs. Decisions affecting State programs are Federal rulemaking actions. OSM evaluates State-initiated program changes (statutory, regulatory, or changes in the program’s provisions, scope, or objectives), as well as OSM required modifications that are a result of legal interpretations or changes to SMCRA and Federal Regulations. In its evaluation, OSM solicits public comments through proposed rules published in the Federal Register, holds public meetings, maintains the administrative record, approves or does not approve proposed State program amendments, and publishes the decisions as final rules in the Federal Register. During FY 2005, OSM published 11 proposed and 17 final rules for State programs.

States may be required to amend their programs as a result of changes to SMCRA and Federal regulations. Under the authority of section 521(b) of SMCRA, OSM recommends withdrawal, in whole or in part, of an approved State program if it finds - after conducting hearings, establishing remedial actions, monitoring compliance, evaluating performance, and implementing the rulemakings associated with such withdrawal - that a State is failing to enforce its approved program. OSM also responds to requests under section 521 (b) to third-party requests to evaluate a State’s program.

When a State program amendment is required, OSM notifies the State of the required change and reviews the State submission and either approves or does not approve the proposed change. This activity represents a significant workload for OSM staff. During FY 2005, the State Amendment activity was identified as follows:

| <b>Table 10– FY 2005 State Program Amendment Activity</b> |                             |                         |                          |                               |
|---|-----------------------------|-------------------------|--------------------------|-------------------------------|
| <i>Number of Amendments</i>                               |                             |                         |                          |                               |
| <b>Amendment Type</b>                                     | <b>Pending Oct. 1, 2004</b> | <b>Received FY 2005</b> | <b>Completed FY 2005</b> | <b>Pending Sept. 30, 2005</b> |
| Informal  | 1                           | 4                       | 5                        | 0                             |
| Formal  | 18                          | 11                      | 17                       | 12                            |
| <b>Total</b>  | 19                          | 15                      | 22                       | 12                            |

OSM Rulemaking Initiatives: Before developing a formal proposed rule, OSM involves interested parties. Stakeholder participation results in improved regulatory proposals. During FY 2005, OSM published two proposed permanent program rules in the Federal Register, Transfer, Assignment, or Sale of Permit Rights (January 26, 2005) and Topsoil Replacement and Revegetation Success Standards (March 17, 2005).

Key rulemaking initiatives for which OSM anticipates activity in FY 2006 and FY 2007 are described below.

- *Ownership and Control Settlement and Transfer, Assignment, or Sale of Permits Rights Rule:* OSM negotiated an agreement with the National Mining Association (NMA) to settle litigation brought by NMA against certain provisions of our final ownership and control rule dated December 19, 2000. Under the terms of the agreement OSM proposed two separate rules: the Ownership and Control Settlement Rule, published December 29, 2003, and the Transfer, Assignment, or Sale of Permit Rights Rule, published January 26, 2005. Public comments were received on both proposals and OSM organized an outreach meeting with the States in June 2005. Based on comments received, OSM decided to modify the proposed rules in certain areas and combine the two proposals into one rule. We anticipate issuing a combined proposed rule in FY 2006.
- *Excess Spoil and Stream Buffer Zone:* In June 2005, OSM announced that an environmental impact statement would be prepared to consider possible rule changes to address the environmental impacts of mining that involve creation of excess spoil fills, particularly fills placed in streams. OSM anticipates that the revised rule would: (1) minimize the adverse environmental effects stemming from the construction of excess spoil fills, and (2) clarify the circumstances in which mining activities, such as the construction of excess spoil fills, may be allowed within the stream buffer zone (SBZ), i.e., within 100 feet of a perennial or intermittent stream. By these changes, OSM intends to enhance environmental protection and reduce the regulatory uncertainty concerning these matters. Proposed rule and draft EIS are scheduled for release in FY 2006 and final rule and EIS in FY 2007.
- *Revegetation:* Based on an outreach initiative conducted in previous years, OSM published on March 17, 2005, proposed minor revisions to its existing revegetation regulations. The proposed changes would improve the quality of reclamation achieved under SMCRA and achieve a more consistent application of those requirements to both arid and humid areas of the country. The changes are intended to facilitate the establishment and maintenance of diverse plant communities on reclaimed mine lands; to ensure the regulations are not an impediment to reforestation of mine lands and facilitates the evaluation of woody shrub communities in the West; and make the measurement of revegetation success in both the arid and humid areas of the United States more similar. Over 30 comments were received during the comment period. Most were supportive of the proposed changes, but several were critical of various aspects. This rulemaking activity is scheduled to be completed in FY 2006.
- *Abandoned Coal Refuse Sites:* The Energy Policy Act of 1992 requires the Secretary to develop new regulatory standards and a new permitting system, if appropriate, to facilitate the removal and on-site reprocessing of abandoned coal refuse piles, provided the Secretary determines through a standard-by-standard basis that a different standard would provide the same level of environmental protection as



afforded by sections 515 and 516 of SMCRA. The proposed rule would conform with the standards in sections 515 and 516 of SMCRA. A proposed rule is scheduled for FY 2006.

- *Coal Production Fees and Fee Allocation:* SMCRA currently assesses a fee on each ton of coal produced (35 cents for surface-mined coal, 15 cents for coal from underground mines, and 10 cents for lignite), with all fee collections placed in the Abandoned Mine Reclamation Fund (AML Fund). However, the statutorily fixed fees will expire June 30, 2006, unless Congress establishes a new expiration date, as it has done previously on several occasions. For coal produced after that date, the law requires the establishment and payment of a fee sufficient to continue to provide for annual transfers from the AML Fund to the United Mine Workers of America Combined Benefit Fund (CBF) of an amount equal to the estimated interest that the AML Fund will earn that year, up to the amount of estimated CBF expenditures for unassigned beneficiaries for that year. In FY 2004, OSM proposed a rule to implement that requirement. Under that rule, fees would be established annually before the start of each fiscal year, based on estimates of coal production and the amount of the transfer to the CBF for that year. The proposed rule would also revise OSM's regulations governing the allocation and disposition of the fees collected and of other AML Fund income. OSM intends to publish a final rule when the current statutory fee rates expire. The FY 2007 budget proposes an extension of the fee through September 30, 2007.
- *Financial Assurances – Treatment of Pollutational Discharges:* During FY 2002, OSM published an advance notice of proposed rulemaking in the Federal Register seeking comment on issues related to bonding and financial mechanisms for the long-term treatment of acid mine drainage associated with coal mining. Comments were received from citizens, citizens' groups, states, coal and surety industries, associations, and other Federal agencies. OSM plans to propose rules during FY 2006 to address this important issue.

b. Grants Management

OSM supports and participates in the Department of the Interior's (DOI) grants simplification efforts based on Public Law 106-107, the Administration's e-Government initiative, and Health and Human Services' e-grants program (Grants.gov). DOI is currently working on a new agency-wide accounting system, Financial and Business Management System (FBMS). OSM was the first bureau within the Department to implement the financial assistance module of the system after it went live on April 5, 2005. The use of electronic grants will simplify and expedite the application process for the States and Tribes. OSM has a cooperative working relationship with our grantees, working for a streamlined application and awards process, faster obligation of Federal funds, innovative program monitoring, less paperwork, and intensive reporting and close-out of grants.

c.

*Office of Surface Mining Reclamation and Enforcement*

*Special Projects*

OSM special projects include interpretation of SMCRA, reports to Congress, legislative analysis, and assistance in response to litigation. OSM also conducts studies and analyses in response to Departmental initiatives and coordinates with other Bureaus and Federal agencies, including the Fish and Wildlife Service (Endangered Species Act), Advisory Council on Historic Preservation (National Historic Preservation Act), EPA (Clean Water Act), Corps of Engineers (section 404 permits), and Mine Safety and Health Administration, and the Small Business Administration (Small Business Regulatory Enforcement Fairness Act) all of whose activities can affect the surface coal mining regulatory program.

## **2006 PLANNED PROGRAM PERFORMANCE**

Propose and publish rulemakings as described under OSM rulemaking initiatives above.

Release a draft environmental impact statement and accompanying proposed rule for public comment in late FY 2006 related to excess spoil and stream buffer zone.

Continue to carryout the requirements of the law in inspections and enforcement. Anticipate the same rate of complete and partial inspections and oversight reviews as in FY 2005.

Achieve the performance measures as shown on the following page.

## **2005 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2005, the major accomplishments in the Environmental Protection program activity include:

- Issued about 258 new coal mining permits, in cooperation with state authorities, in 13 States.
- Performed approximately 31,500 complete mine inspections and 47,850 partial inspections, in cooperation with state authorities, to ensure coal mines are operated safely and in accordance with environmental laws. (Figures include State and Federal inspections, and may include estimates for some States.)

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**ENVIRONMENTAL PROTECTION PERFORMANCE OVERVIEW**

| Measures:  | 2004 Actual | 2005 Final Plan | 2005 Actual | Change from 2005 Plan | 2006 Enacted | 2006 Change from 2005 Actual | 2007 Request | 2007 Change from 2006 |
|--|-------------|-----------------|-------------|-----------------------|--------------|------------------------------|--------------|-----------------------|
| Percent of active sites that are free of off-site impacts. (SP) (PART)   | 93%         | 93%             | 89%*        | -4                    | 93%          | +4                           | 93%          | 0                     |
| Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. 1/ (SP) (PART)  | 49,054      | 70,000          | 53,353*     | -16,647               | 50,000       | -3,353                       | 50,000       | 0                     |
| Number of acres released from Phase I & II Performance Bonds. 1/ (PART)  | 90,040      | 100,000         | 88,869*     | -11,131               | 80,000       | -8,869                       | 80,000       | 0                     |
| Cumulative reclaimed (restored) acres to cumulative mined acreage (represented by bonded acreage). (%) (PPM)   |             |                 |             |                       |              |                              | 48%**        |                       |
| <p>1/ Targets revised to reflect better baseline data and trend data.<br/>                     *States provided data for the time period July 1, 2004, to June 30, 2005, to accommodate the accelerated publishing requirements of the OSM Financial Report. Tennessee data submitted for the federal fiscal year.<br/>                     **Estimate only at this time. This is a newly proposed PART measure to be finalized during FY 2006.<br/>                     SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; BUR = Bureau Measure; PPM = Proposed PART Measure</p> <p><b>See "Goal Performance Tables" Tab for an explanation of targets and/or changes in the measures.</b></p> |             |                 |             |                       |              |                              |              |                       |

**TECHNOLOGY DEVELOPMENT AND TRANSFER**

(dollars in thousands)

|                               |        | 2005<br>Actual | 2006<br>Enacted | Fixed Costs<br>& Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2007<br>Budget<br>Request | Change<br>from 2006<br>(+/-) |
|-------------------------------|--------|----------------|-----------------|--|-----------------------------|---------------------------|------------------------------|
| Regulation<br>&<br>Technology | \$\$\$ | 13,300         | 14,903          | +198   | 0                           | 15,101                    | +198                         |
|                               | FTE    | 92             | 97              | 0  | 0                           | 97                        | 0                            |
| Abandoned<br>Mine Land        | \$\$\$ | 4,479          | 3,864           | +46  | 0                           | 3,910                     | +46                          |
|                               | FTE    | 20             | 22              | 0  | 0                           | 22                        | 0                            |
| TOTAL                         | \$\$\$ | 17,779         | 18,767          | +244   | 0                           | 19,011                    | +244                         |
|                               | FTE    | 112            | 119             | 0  | 0                           | 119                       | 0                            |

The FY 2007 budget request for Technology Development and Transfer is \$19,011,000 and 119 FTE. This is a net increase of \$244,000 for fixed costs and related changes, and no FTE change from the 2006 enacted level. There are no program changes.

**Overview**

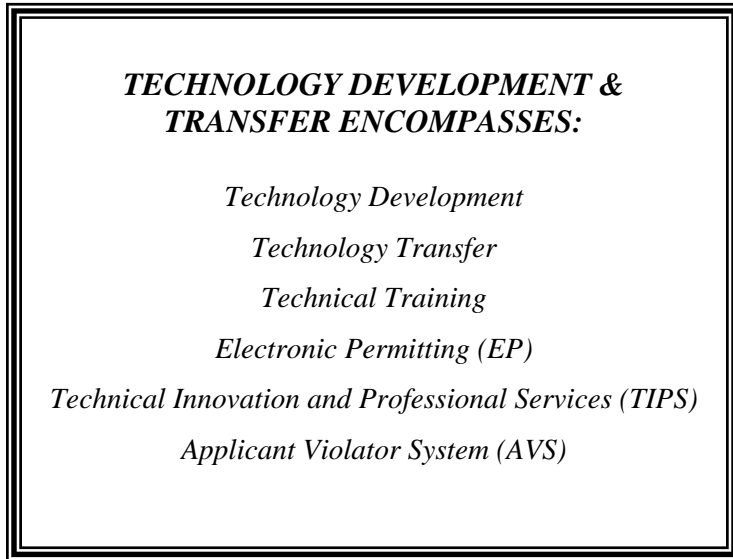
The Technology Development and Transfer business line (program activity) provides resources for technical assistance, training, technology development and technology transfer program sub-activities. This program activity supports and enhances the technical skills that States and Tribes need to operate their regulatory and reclamation programs in order to effectively implement SMCRA. Thus, this program activity is an integral component and supports accomplishment of OSM's Environmental Restoration and Environmental Protection business lines goals.

Through support of OSM's restoration and protection goals TDT funds support two of the Departmental Strategic plan mission goals (Resource Use and Resource Protection) and implements the 4C's - Communication, Consultation, and Cooperation, all in the service of Conservation. TDT is a nation-wide program that provides resources to States and Tribes that meet their specific technical and training needs in carrying out the requirements of the SMCRA.

In 2007, OSM will continue to expand the use of Technical Innovation and Professional Services (TIPS) in technical decision-making processes related to SMCRA; address the remediation of acid mine drainage through participation in the Acid Drainage Technology Initiative; finalize changes and provide training and technical assistance to meet identified needs of States and Tribes. Also, OSM's technology transfer program will continue its support for electronic permitting and mobile computing efforts, by sponsoring interactive technical forums and related workshops. In addition, OSM will continue to provide regional technical service, libraries, and more efficient access to COALEX (a computer-assisted library search service).

**Operational Process (Program Activities):** The Technology Development and Transfer program activities enhance the technical skills that States and Tribes need to operate their regulatory and reclamation programs in order to more effectively implement SMCRA. These program activities are an integral part of accomplishing Environmental Restoration and Environmental Protection to achieve OSM's goals and outcomes.

OSM provides technical training to OSM staff, and States and Tribes on a variety of topics. New technologies, changes in regulations, and staff turnover necessitate the need for continued technical training. To solve problems related to the environmental effects of coal mining, OSM provides multidisciplinary technical assistance and works with industry, States, Tribes and the public on technical issues arising from new regulations. Other technical assistance efforts include the Technical Innovation and Professional Services (TIPS), the Applicant Violator System (AVS), and Electronic Permitting (EP).



OSM also established an intergovernmental team, the National Technology Transfer Team (NTTT) to provide direction, communication and coordination of efforts related to technology transfer and development. This team is a permanent entity and will continue throughout FY 2007. Technology transfer is a major part of OSM's cooperative effort with States and Tribes.

The outcome of TDT program performance is ultimately measured by the success of the Surface Mining program in carrying out the environmental restoration and protection missions. In addition, performance for the business line is measured through the number of staff technically trained (including knowledge and skills taught and applied), the utilization of automated technologies (such as TIPS), and the quality and timeliness of technical assistance provided by OSM, determined via evaluations and customer service surveys.

**Actions Required to Achieve Annual Goals:** In FY 2007, OSM plans to continue to improve its efforts in this business line. As responses are received from the customer surveys, the activities within the business lines will be evaluated to identify any needed improvements or changes. Also, the National Technical Training Program (NTTP), TIPS, the Mine Map Repository, and AVS will increase access to users by continuing to provide material on the Internet and supporting the administration's e-government initiative. In addition, the National Technology Transfer Team will provide direction, communication and coordination efforts related to technical issues and studies.

**Resources, Skills, and Technology Needed:** A goal for FY 2007 is to continue ensuring that States, Tribes, and OSM have the best available technical data and information needed to make good science-based decisions regarding mining plans, reclamation project design, permit reviews, and acid mine drainage remediation and prevention. To successfully implement the surface mining regulatory and reclamation programs, OSM, as well as the States and Tribes, must maintain multi-disciplinary staffs that are fully competent in addressing a wide variety of technical issues that impact these programs.

The total request for this business line is \$19.0 million. The FY 2007 President's Budget requests \$12.4 million for Technical Assistance (including the Applicant Violator System); \$3.4 million for Technical Training; and \$3.2 million for Technology Transfer efforts are allocated to meet the annual goals set forth above.

Included in the FY 2007 President's budget request for Technology Transfer program activity is almost \$200,000 for the Acid Drainage Technology Initiative (ADTI), an ongoing effort of OSM, State and other Federal agencies, academic, and industry as part of the Clean Streams Program. The objectives of the ADTI are to compile, assess, and documents the "best-science" technology solutions to acid mine drainage (AMD) reclamation problems as well as to refine the most effective methods for accurate AMD prediction.

The following section details, by program activity, the funding and FTE resources required to meet our customer satisfaction performance measures. It also includes examples of the types of technical training, assistance efforts, and transfer provided by this business line.

Office of Surface Mining Reclamation and Enforcement

**Table 11– Justification of Program and Performance  
Technology Development and Transfer**  
Summary Increases/Decreases for FY 2007  
(Dollars in Thousands)

| Program Activity     |        | Regulation & Technology |                  |                 | Abandoned Mine Lands |                  |                 | Total          |                  |                 | Inc/Dec |
|----------------------|--------|-------------------------|------------------|-----------------|----------------------|------------------|-----------------|----------------|------------------|-----------------|---------|
|                      |        | 2005<br>Actual          | 2006<br>Estimate | 2007<br>Request | 2005<br>Actual       | 2006<br>Estimate | 2007<br>Request | 2005<br>Actual | 2006<br>Estimate | 2007<br>Request |         |
| Technical Assistance | \$\$\$ | 9,423                   | 10,691           | 10,808          | 2,302                | 1,544            | 1,563           | 11,725         | 12,235           | 12,371          | +136    |
|                      | FTE    | 55                      | 57               | 57              | 8                    | 9                | 9               | 63             | 66               | 66              | 0       |
| Training             | \$\$\$ | 2,240                   | 2,562            | 2,602           | 625                  | 803              | 819             | 2,865          | 3,365            | 3,421           | +56     |
|                      | FTE    | 18                      | 20               | 20              | 7                    | 8                | 8               | 25             | 28               | 28              | 0       |
| Technology Transfer  | \$\$\$ | 1,637                   | 1,650            | 1,691           | 1,552                | 1,517            | 1,528           | 3,189          | 3,167            | 3,219           | +52     |
|                      | FTE    | 19                      | 20               | 20              | 5                    | 5                | 5               | 24             | 25               | 25              | 0       |
| TOTAL                | \$\$\$ | 13,300                  | 14,903           | 15,101          | 4,479                | 3,864            | 3,910           | 17,779         | 18,767           | 19,011          | +244    |
|                      | FTE    | 92                      | 97               | 97              | 20                   | 22               | 22              | 112            | 119              | 119             | 0       |



## **2007 PROGRAM PERFORMANCE ESTIMATES**

The following program activities support OSM's goal to strengthen the capabilities of the States, Tribes, and OSM staff to implement SMCRA effectively through quality technical and scientific information, expertise, and training. Skill and knowledge enhancement is critical to the continued success of the Surface Mining program and accomplishment of the Department's Resource Protection and Resource Use goals.

OSM's stakeholders (States, Tribes, and industry) continue to express support for Technology Development and Transfer efforts and encourage OSM to provide the types of technical support needed to effectively and efficiently meet SMCRA, the National Environmental Policy Act, and other environmental and safety laws. Cost-effective compliance will help industry remain competitive with other energy sources. Helping industry achieve up-front compliance will reduce the need for additional regulatory resources. The TDT program area described in the following pages represents those activities where OSM staff provides direct technical support and ongoing efforts in other business lines.

### **1. Technical Assistance**

This program activity provides assistance to State regulatory and reclamation staff, and to the OSM staff that review and monitor State programs, develop rules or policy, litigate SMCRA challenges or enforcement actions, or maintain other technical support infrastructure like TIPS, AVS, and technical training programs. Technical activities such as permit review, citizen complaint evaluation, and cumulative hydrologic impact assessment take place where OSM is the regulatory authority. Of the \$12.4 million requested, \$1.6 million support OSM's Environmental Restoration and \$10.8 million supports OSM's Environmental Protection mission goals.

Technical assistance also is provided for AML project design and monitoring where OSM is responsible for AML emergency and priority projects. These types of endeavors are integral parts of the Environmental Protection and Restoration business lines and are not included in the TDT program activity.

OSM intends to meet a 94 percent customer service rate for its technical assistance efforts in FY 2007. Customer surveys are used to document the responsiveness of OSM's technical assistance to its customers in a timely and professional manner. By meeting the technical assistance needs, OSM can help effectively achieve OSM's Environmental Restoration and Environmental Protection mission goals.

#### *a. Technical Policy Assistance*

OSM specialists provide technical assistance to State and OSM regulatory and reclamation policy staff. The areas of assistance include rulemaking; citizen complaint investigations regarding the mining-relatedness of offsite impacts; guideline development; State program amendments; State mining permit evaluation; AML problem evaluation; blasting policy; prime

farmland reclamation standards; coal combustion by-product placement; reclamation bonding sufficiency and bond release; threatened and endangered species; land unsuitability determinations; participation as technical experts on interagency committees; acid mine drainage (AMD) prevention and remediation; stream and underground mine flooding; mountaintop mining and valley fills; permit findings; remining; impoundment stability; subsidence caused by underground mining; and assistance in fostering tribal primacy by helping tribes develop technical capabilities.

Projected activities for FY 2006-2007 include:

- Underground Mine Mapping Inventory: OSM and the States have actively inventoried abandoned mine land (AML) features for years using the best available information and technologies. The inventory includes information about the location, size and type of AML feature and the priority for reclamation under the SMCRA AML program. For abandoned underground mines, however, more detailed information, including detailed mine maps, is necessary in order to adequately evaluate the threat posed by these mines to the public, infrastructure and the environment. In FY 2006, OSM and the States will be sponsoring a series of regional workshops focused on digital imaging, processing and presentation of map images. OSM will work with the States in setting priorities for activities in FY 2007. OSM will also continue to meet with MSHA to discuss underground mine mapping issues during FY 2006 and 2007. Also see discussion under Mine Map Repository in section c.
- Blasting: Technology transfer continues to be the focus of activities surrounding OSM's efforts to minimize blasting impacts to citizens. OSM continues to receive many requests for regulatory and public relations type of presentations from blasting conferences across the country, including the Pennsylvania Drilling and Blasting conference, Kentucky Blaster's conference, Best in the West conference, Mid-America Blaster's conference, etc. NTTP will provide Inspection and Advanced blasting classes. TIPS will continue to support the Blast Log Evaluation Program (BLEP) developed by agency personnel with live instruction as well as the recently-completed e-Training class on BLEP. During FY 2005, OSM presented blasting information in support of MSHA training initiatives and ATF enforcement of the Safe Explosives Act at coal mines. These relationships will continue through FY 2007.
- Designating Areas Unsuitable for Surface Coal Mining: Section 522 of SMCRA establishes a process by which the public may petition the regulatory authority to limit or prohibit all or certain types of surface coal mining operations on non-Federal lands to protect certain features or environmental values. OSM receives and processes these petitions for all lands for which it is the regulatory authority. The decision-making process includes preparation of an environmental impact statement and a takings implication assessment. In FY 2006, OSM received a petition from citizens' environmental advocacy groups in Tennessee for a 450-square mile area in the New River watershed. OSM will evaluate the petition for completeness and conduct the necessary reviews to determine if mining and reclamation of the areas can be performed in compliance with the regulations.

OSM also is responsible for making valid existing rights (VER) determinations under section 522 (e) for all Federal lands and all lands for which OSM is the regulatory authority. Section 522 (e) prohibits or limits surface coal mining operating within certain areas, subject to valid existing rights.

Both unsuitability determinations and valid existing rights determinations require substantial technical and programmatic resources. They also involve litigation support if a takings claim is subsequently filed against the Federal Government.

- Prime Farmland: OSM will continue to work with our customers on a prime farmland soils team. The team is self directed and includes representatives from State and Federal government, local government, an environmental group, and industry. Accomplishments of the team have included production of a citizen's information brochure, and several successful tours of active mine sites to showcase the latest technology for prime farmland reclamation. The team is currently developing a brochure, expected to be released in mid-FY 2007, about proper management practices on reclaimed prime farmland.
- EPA Rulemaking on Coal Combustion By-Products (CCBs): OSM continues to work with EPA on reviewing and analyzing information related to EPA's intended drafting of a proposed rule concerning the placement of CCBs at mine sites. This rulemaking is currently scheduled for 2007.
- Acid Mine Drainage (AMD): Surface and underground coal mining activities expose iron sulfide minerals in rock to weathering. The interaction of these rocks/minerals with air and water can result in acid mine drainage, which is the number one water quality problem in Appalachia and to a lesser, but still serious, extent in other coal and hard rock mining regions. OSM technical staff resources are focused on advancing and applying the best science to remediate AMD from abandoned pre-SMCRA mines and to prevent active mines from contributing additional new sources of AMD.

During FY 2006 and 2007, OSM will continue to participate in the Acid Drainage Technology Initiative, a collaborative effort among federal agencies, industry, the states, academia, and the National Mine Land Reclamation Center to promote communication and technology enhancement in the field of acid mine drainage. Examples of projects that OSM sponsored in FY 2005 that will continue in FY 2006 include:

- ❖ Examining long-term trends in AMD production from several types of underground coal mines to follow up on earlier work that suggested significant declines in AMD production over a 30-year period measured during a prolonged dry period. The current effort will evaluate whether the same trends are seen after a prolonged wet period, as well as study the mine water chemistry at both successful and unsuccessful passive treatment systems to identify the underlying site and construction factors.

*Office of Surface Mining Reclamation and Enforcement*

- ❖ Development of standardized kinetic test procedures for evaluating coal-mine related acid mine drainage potential by more realistically simulating the chemical conditions under which acid mine drainage forms.
- ❖ Work to identify geologic sources of selenium associated with coal mines, understand and predict the chemistry governing the mobilization of selenium into coal mine discharges, and identify effective methods to predict, prevent and mitigate the offsite discharge of selenium-contaminated discharges.
- Congressionally-Mandated Coal Study: In the Fiscal Year 2005 Consolidated Appropriations Act, P.L. 108-447, Congress directed the Office of Surface Mining (OSM) to contract with the National Research Council (NRC) of the National Academy of Sciences to carry out a twenty-four month study on coal research, technology, and policy matters. The NRC committee's report is scheduled for completion in the Summer of 2007.

*b. Site-Specific Technical Assistance*

OSM specialists assist in the technical aspects of compliance monitoring (including inspection and enforcement assistance), experimental practice reviews, reclamation cost estimate calculation, bond release application reviews, bond approval reviews, bond forfeiture reclamation designs, land unsuitability determinations, surveying, revegetation, geologic sampling, AML designs, subsidence and AMD abatement, and any technical assistance on citizen complaints and ten-day notices. Site-specific technical assistance varies from year to year and we cannot predict what specific types of assistance will be needed in FY 2007. Following are examples of the types of assistance provided to States and Tribes.

- Underground Mine Pools: Over a century of extensive underground coal mining in Pennsylvania and West Virginia left miles of interconnected, flooded workings that we call "mine pools." The water level in these mine pools may rise and overflow into streams. The pools could also potentially create a mine "blowout." Rapid and sometimes catastrophic discharges of large amounts of stored mine water may occur in either case. The mine pools may present dangers to life, property, and surface stream water quality.

During FY 2005 OSM assisted the Commonwealth of Pennsylvania in evaluating more-effective and less-expensive treatment options for millions of gallons of AMD discharging from the defunct Barnes & Tucker underground mine in Cambria County. This underground mine pool results in more than 7,200 gallons per minute of AMD into the west branch of the Susquehanna River. The Pennsylvania Department of Environmental Protection (PADEP) is evaluating the viability of utilizing the treated water from this and other mine pools as a source of industrial make-up or potable water supplies. OSM will assist PADEP on similar assessments during FY 2006 and 2007 at the Berlin and other large mine pools degrading the Commonwealth's streams.

The Maryland Bureau of Mines has also requested OSM technical assistance for assessing the potential for future problems from the Kempton Mine Pool in the Georges

Creek watershed in the North Branch of the Potomac. OSM will continue to monitor the Fairmont, West Virginia mine pool in FY 2006 and 2007, as an aid to the West Virginia Department of Environmental Protection.

- Assistance to the Department of Interior's Tar Creek Mine Assessment and Abatement efforts in Oklahoma: For most of the past century, Lead and Zinc were mined in the Tri-state Mining District of Oklahoma, Kansas and Missouri, leaving a legacy of mine subsidence, open mine shafts, immense mine waste piles and water pollution. The Department of Interior has interests in these areas because of past Bureau of Indian Affairs responsibilities, current responsibilities under the Natural Resource Damage Assessment provisions of Superfund and the need to assist SMCRA State AML Programs in addressing mining related issues. For several years, OSM has provided technical assistance to the Department and to state agencies in devising site assessment and restoration strategies for mine related problems. During 2005 and 2006, the Mid-Continent Region participated heavily in a project managed by the Corps of Engineers to assess the potential for mine subsidence in the Oklahoma portion of Tri State Mining District known as Tar Creek. OSM staff worked with others from the USGS, state and local agencies, the Corps of Engineers and consultants to develop the Tar Creek Subsidence Report addressing the site specific public risks associated with mine subsidence and the options for mitigating such risk in the Tar Creek area. During 2007, the OSM Mid-Continent Region will continue to provide technical support to DOI and the State reclamation agencies as they attempt to assess and mitigate mine related problems in the rest of the Tri-State Mining District.
- Bond Approval and Administration: To ensure that bonds are sufficient to reclaim forfeited sites on permits situated on lands for which OSM has or shares regulatory authority responsibilities, OSM calculates bond amounts using engineering and science-based reclamation cost estimates. OSM also evaluates bond mechanisms posted with OSM to ensure legal, financial, and regulatory requirements are met. OSM provides technical assistance and training on bonding activities, including the newly launched bond calculator software, and a technical review of any issues identified in a State program's bonding activities.
- Hydrology Assistance: The need to provide assistance in the area of hydrology continues to increase. The complexity of hydrology issues is increasing as new mining techniques are used to extract coal from older mining areas. This requires very specialized hydrology staff at a time when our customers are experiencing program cut-backs and are increasingly unable to retain highly trained hydrologists. Some examples of projects are as follows:
  - Indiana Permit S-347 Review – OSM received a citizens letter about Indiana mining Permit S-347. The concern is that Permit S-347, located just outside of Hymera, IN, will cause old mine works under the community to be dewatered and increase the hazard for subsidence.

- Mississippi Hydrology Mid-Term Review/CHIA/CCB's – OSM received a request from the State of Mississippi to conduct a permit mid-term review on the Red Hills Mine. This review will cover surface and ground water data, CCB disposal, PHC, CHIA, and other hydrology related information.

*c. Mine Map Repository*

OSM maintains a mine map repository authorized under the former Bureau of Mines and subsequently transferred to OSM in the mid-1980's. This repository, located in OSM's Appalachian Regional Coordinating Center in Pittsburgh, Pennsylvania, maintains the only national inventory of maps of abandoned coal and non-coal mines throughout the United States. Mapping information is used to fulfill customer requests for unique information that can range from rare maps for small uncommon projects to a national collection for assisting in large interstate projects. OSM customers include State regulatory and reclamation staff, local government agencies, developers, engineering and mining companies, architects, universities, law firms, environmental consultants, pollution control boards, realtors, law-enforcement agencies, historical societies, and homeowners. Some of the costs for this program are paid out of offsetting receipts from the sale of maps.

A recent environmental disaster in Kentucky and trapped miners in Pennsylvania have sparked increased public and government interest in accurate mine map archiving and the NMMR. Staffs from the NMMR and the Appalachian regional office are involved in several related important initiatives to improve mine map acquisition, archiving, and availability. These include benchmarking workshops in FY 2003 and 2005 to share best practices and discuss issues with mine map archiving. Also in FY 2005, OSM developed a TIPS training course (to be piloted in early FY 2006) to provide useful information on relating underground mine maps to surface map features. The increased awareness of the value of historical mine maps has resulted in a large influx of new maps to the NMMR collection from public and private sources.

The current collection and new acquisitions are gradually undergoing conversion to a digital format (in addition to the existing photographic record). Ultimately, the NMMR collection will allow retrieval of mine maps and related information more efficiently via the Internet.

*d. Permitting*

Western Region Coal Mine GIS: An Internet Map Server system has been implemented for five western mines that allows OSM Western Region users to access high resolution satellite imagery of each mine permit. As additional image acquisitions are made, users will be able to compare changes in each mine over time. The system will streamline regulatory inspection, tracking, and permitting.

Tennessee GIS: The Knoxville Field Office Geographic Information System (KFO GIS) is the only federal repository of coal mining geographic data sets for mining operations located within Tennessee. OSM, the mining industry, and the general public use these spatial data sets of coal mining-related impacts to visualize and understand the relationships of coal mining operations to the environment. In FY 2005, KFO GIS implemented the use of new software (ArcSDE) and

created a geodatabase that will house spatial datasets. Twenty-four datasets have been entered into the geodatabase for use by KFO permit reviewers and inspectors. In addition, KFO GIS responded to more than 30 requests from external and internal customers providing hundreds of products and services and expects increases in user requests in FY 2006 and 2007. KFO GIS plans to implement additional software (ArcIMS) in FY 2006. ArcIMS will provide the capability for geospatial data to be served on a web site for customers to view maps of the coal mining activity in the Tennessee coalfields.

Mobile Computing: OSM continues leading efforts in applying mobile computing technologies to mine inspection, permitting and AML field work. The technology allows Inspectors to take digital maps and mine permit data to the field on hand-held computers for inspection and verification of mining and permitting activities. AML applications include site investigation, inventory and reclamation design. Connecting high accuracy survey equipment to full function computers in the field allows field staff to respond immediately to AML emergencies with in-field design and re-design. This improves response times to emergency abatement and protects lives in the coal fields. In FY 2006 OSM continued to place tablet computers in various States to begin the expansion of this technology to our customers. The use of this technology will result in a more efficient means of implementing SMCRA.

*e. Technical Innovation and Professional Services (TIPS)*

The goal of TIPS is to provide State and OSM personnel with a comprehensive set of analytical tools to aid in technical decision-making processes related to the SMCRA. The services provided are centered on off-the-shelf scientific and engineering computer hardware and software supported by the Office of Surface Mining in partnership with the states and tribes. This technical assistance has grown from a few applications available on a single specially designed shared workstation, to a suite of software on each user's desktop computer. Costs are held low through shared licensing of the software via the internet.

Currently the assistance consists of Windows-based computers at state, tribal, and Office of Surface Mining offices with access to the licensed servers via the Internet and Office of Surface Mining Wide Area Network. The 26 commercially available software applications cover a wide range of regulatory and Abandoned Mine Land subjects. During 2005, an average 123 customers use software provided by Technical Innovation and Professional Services each workday. The customer base is composed of over 700 desktop computers at 96 state, tribal, and Office of Surface Mining offices throughout the country.

Examples of OSM TIPS related initiatives include:

National Surface Mining Geospatial Committee: Under the TIPS program, OSM established the National Surface Mining Geospatial Committee (NSMGC) to develop a national strategy to implement geospatial technology in coordination with the states, tribes, other bureaus, and the Department. The committee's work enables the GIS project work of OSM, the States, and Tribes to be coordinated and brought forward to Geospatial One Stop. The committee consists of seven members with both state and OSM representation. Some members of the committee are also members of the Department of the Interior's Geospatial Modernization Blueprint project,

and the Department's EGIM Team. Membership in common helps coordinate OSM GIS efforts with both the Blueprint project and EGIM.

In FY 2006 the Geospatial Committee will identify geospatial activities, policies, standards, and products that will increase the effectiveness and efficiencies of organizations working on SMCRA related activities on a national scale. These activities will be prototyped in OSM and state offices. This effort is a strategic component of the Geospatial One-Stop Government initiative. Activities planned in FY 2007 are to assess the need for geospatial resources to support all regulatory aspects of mining and reclamation activities as well as the availability of geospatial information, systems, and expertise. In FY 2007 and FY 2008 the committee will evaluate the gap between the requirements, information holdings, system capabilities and expertise; identify critical geospatial tools and services for federal, state, and tribal managers and staff; facilitate improved interoperability and sharing of geospatial resources; and help coordinate geospatial resources and initiatives to meet identified requirements.

AMDTreat Software: OSM is updating the popular software program termed AMDTreat. The software helps government agencies and mine water practitioners predict long-term costs to treat acid mine drainage (AMD). The Agency expects to release the update, AMDTreat Version 4.0, early in 2006. This major upgrade will offer additional tools, significantly expanded features, a better user interface and a powerful trust fund calculator. Since its original release in February, 2003, AMDTreat has aided users to look at the problem of mine drainage as a long-term financial issue. More than 2,500 copies of the program have been distributed free on CD. There are currently over 700 registered users from over 40 different states and a similar number of countries. Users from outside the U.S. will especially appreciate the integrated metric conversion function in the version 4.0. In FY 2007, the training provided will consist of one 3-day course and three 1-day seminars.

Remote Sensing Program: The remote sensing initiative provides direction for the use of remote sensing as a tool to support Titles IV and V of the Surface Mining Control and Reclamation Act (SMCRA). General remote sensing support activities are: 1.) Conduct applied research in partnership with other OSM offices, tribes, states and other federal agencies, 2.) Distribute image processing and associated Geographic Information System (GIS) software to offices for on site processing and analysis, 3.) Provide formal training, on site workshops, technical support and general technology transfer, and 4.) Provide technical assistance for special project applications as requested.

In 2006 the TIPS Remote Sensing effort will expand on newly developed cooperative agreements with the following State and Federal agencies: Pennsylvania Department of Environmental Protection; US Geological Survey – Rocky Mountain Mapping Center; US Geological Survey – Multi-Resolution Land Consortium; and US Department of Agriculture – Natural Resource Conservation Service.



*f. Reclamation Support Activities*

Enhanced Contemporaneous Evaluation of Reclamation: As part of an effort to more effectively evaluate reclamation as it occurs at each mine, inspectors from OSM with assistance from technical specialists are using GPS units to locate the boundaries and input data for the areas as they are reclaimed. The field data (slopes, topsoil depths, etc) are subsequently downloaded into a GIS under development for each mine. This process will enable the OSM, States and industry professional and technical staff to keep track of the status of reclamation on each acre of mined land as it occurs.

Indiana Blackfoot AML Site Hydrologic Study: The Indiana AML program requested assistance on water chemistry and passive treatment design options for the Blackfoot AML site. Various recommendations on data collection efforts were provided during the site visits. OSM is providing additional assistance by reviewing drilling, overburden and water sampling plans for the site. Water samples are collected from several monitoring wells and surface water sites on a quarterly basis. A demonstration of mobile computing application in hydrologic studies will be conducted in 2006.

Missouri Sugar Creek USGS Study: During 2005 and 2006, OSM is assisting Missouri and USGS in a study of AMD sources in the Sugar Creek Watershed. OSM will utilize water analysis data generated by USGS to develop reclamation alternatives and costs for each AMD source in the Sugar Creek drainage. These reports will be used by state regulators in preparation of Total Maximum Daily Load (TMDL) estimates and to support state and Federal efforts in AMD remediation.

Indiana Enos AMD Wetland Design: The Indiana Division of Reclamation requested assistance in designing an AMD treatment wetland at the Enos tipple and gob pile area of the Patoka watershed. OSM staff evaluated a number of possible treatment options and provided a reclamation design to the State. Project construction began in FY 2005 and will be completed in FY 2006. Monitoring and final adjustments of the system will be made in FY 2006 through FY 2007.

*g. Applicant/Violator System (AVS)*

The Applicant/Violator System (AVS) is a National information database OSM maintains to support many types of research and program efforts, but primarily it supports permit eligibility determinations under section 510(c) of SMCRA. As part of the permit review process, State and Federal regulatory authorities use the information contained in the AVS to evaluate an applicant's mining and violation history in order to determine the applicant's eligibility to engage in surface coal mining operations. OSM responded to 3,766 requests during fiscal year 2005 for these evaluation reports. The AVS is also used to determine the eligibility of potential recipients of AML reclamation contracts and grants under the Small Operator Assistance Program.

AVS Office staff provides services to other customers including the coal industry, citizens groups, and other Federal agencies. Some of the services provided include: providing software and technical assistance for customers wishing to access the AVS from a personal computer; updating information in the AVS for coal companies that mine in more than one State; providing basic and advanced system training; and providing investigative assistance to others on complex ownership and control issues. These and other activities will continue through 2007.

AVS Redesign Activities: During 2004, OSM initiated a redesign to dramatically improve the usability of the AVS. The redesign involves not only the transformation of the current system to a more user friendly, web-based system but also a rewrite of the business processes and change in program language to allow for ease in future development and modification. Internal testing on the redesigned system is occurring and a training plan is being developed to train approximately 180 system users before the new system is brought on-line. We anticipate bringing the new system on-line and retiring the existing system in 2006.

Alternative Enforcement Initiative: During fiscal year 2006, the AVS Office will continue to promote the use of alternative enforcement to compel compliance with SMCRA through outreach and marketing with the States. As part of this initiative, the AVS Office will provide training classes, investigative services and specific recommendations for sites with outstanding violations or for entities going through bankruptcy.

## **2. Technical Training**

Of the \$3.4 million for Technical Training, \$2.6 million of the funds support OSM's Environmental Protection activities and \$0.8 million support Environmental Restoration activities. Training provided ensures OSM, State, and Tribal staff possess the necessary knowledge and skills to implement the Surface Mining program. This activity supports the Department's Resource Use and Resource Protection goals.

### *a. National Technical Training Program*

OSM established the National Technical Training Program in 1985, recognizing the need for an ongoing educational program to increase the technical competence and professionalism of Federal, State, and Tribal personnel. The program delivers training related to permit approval, bond release, reclamation, and enforcement. The training received serves to update technical expertise and fosters consistent application of standards. Training is provided in each of the disciplines involved in implementation of SMCRA, which include engineering, hydrology, blasting, agronomy, and botany. The program also ensures training is available to enable OSM and State staff to maintain the ability to gather and present information as an expert with the most recent data available. In addition, periodic training is needed to disseminate the latest technological and the other changes in regulatory and associated reclamation activities.

All aspects of the program from identification of needs through course development and presentation are cooperative efforts of State, Tribal, and OSM offices. Of the 28 State and Tribal programs, 20 have fewer than 50 employees and another 5 have fewer than 100 employees.

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There is an economy of scale achieved by the pooling of State and Federal resources that allows instruction in a wide variety of subjects each year for all State, Tribal, and OSM programs.

Mini-sessions of the Blasting course were held for the U.S. Department of Alcohol, Tobacco, and Fire Arms. A special session of the OSM Orientation course was held for new employees to acquaint them with the basics of surface coal mining through a field exercise and with the goals of the Department of Interior and the Office of Surface Mining. Meeting mid-year and emergency requests provides critical support to the States and Tribes and we anticipate meeting this type of request in FY 2007.

In 2005, several new courses were added to NTTP offerings. These include a class on AML Drilling and Grouting and Forensic Hydrologic Investigations. The training program also conducted two workshops from its new Coalfield Communications course at the National Association of Abandoned Mine Program conference. The new course was piloted in early FY 2006 and contains four modules with practical exercises specific to the public and private mining community. Those modules are: Managing Media; Effective Outreach; Designing Effective Public Meetings; and Building Trust through Effective Communication.

Development was completed for another new course, Geology and Geochemistry of Acid-Forming Materials. This course includes new materials plus select modules from two courses which are being phased out. In FY 2006, work will re-commence on the Instructor Training Refresher course. This course will be offered to all current NTTP and TIPS instructors to enhance their instructional skills and to update presentation techniques.

To assure that students are receiving the latest technical and programmatic information, significant revisions were made to seven classes in FY 2005 including SMCRA and Endangered Species; Acid-Forming Materials: Fundamentals; the Permit Findings Workshop; Underground Mining Technology; Bonding: Legal and Administrative Aspects; Soils and Revegetation; and Erosion and Sediment Control. Several units specific to Western states were added to the Soils and Revegetation and Erosion and Sediment Control courses. Planned revision and fine-tuning of classes for FY 2006 include the AML Drilling and Grouting Workshop; Passive Treatment; Geology and Geochemistry; Wetlands; and all legal courses -- Enforcement Procedures; Evidence Preparation and Testimony; and Expert Witness.

In support of the E-Government initiative component of the Administration Management Plan, the training program, in partnership with the U.S. Fish and Wildlife, we continue to make solid progress in automating GPRA follow-up evaluations, course registration, and other administrative processes available through the Internet by participating in the new DOI Learning Management System (LMS). This system will become fully operational in FY 2006. Additionally, we plan to update digital presentation technology.

In 2005, the program offered 51 sessions of 38 different courses. In addition to these regularly scheduled courses, in response to specific requests, NTTP offered a number of special course sessions. Because of the extensive experience and expertise NTTP instructors have with regard to acid-forming materials, we were asked to hold a workshop for the staff of the Commonwealth of Pennsylvania's Departments of Natural Resources and Transportation. Subsequent to the

class, Pennsylvania changed their technical requirements for bidding construction contracts and the Commonwealth anticipates that they will save millions of dollars as a consequence of the knowledge their staff gained in this NTTP workshop.

Each Spring OSM conducts a Training Needs Survey for the following fiscal year to determine the training needs of the 1,800 State and Tribal regulatory and reclamation staff as well as the 530 OSM staff. The Survey for FY 2007 will be conducted in mid-FY 2006. NTTP analyzes the survey results to determine if there are sufficient students to hold a course, and if so, how many sessions of the course are needed. Over the summer, students are assigned to classes that are closest to their office in order to keep travel costs down and to provide students with field experience most similar to their geographic working conditions. The number of requests for courses usually exceeds the number of spaces available by 30-50% so students who are not assigned to classes can be put on a waiting list. Those on the waiting list are registered 30 days prior to class if space becomes available.

*b. TIPS Software Application Training*

Training of state, tribal, and OSM personnel in the practical application of analytical software is an integral part of the technical assistance function. Training on TIPS tools provides users the skills necessary to analyze coal mining environmental issues and design effective reclamation. In FY 2006 class participation is projected at 350 attendees compared to 260 attendees in FY 2005. Additionally, students are able to access 71 on-line courses and workshops in FY 2006 with a projection of 45 students enrolling in on-line classes. In FY 2006 plans are to transition the TIPS training program registration process to the new DOI iLearn system (new Learning Management System), in collaboration with NTTP.

*Office of Surface Mining Reclamation and Enforcement*

| <b>TIPS Customer Courses Conducted in FY 2005</b> |  |
|---|--|
| <b>Course</b>                                     | <b>Software</b>  |
| ArcGIS  | GIS Analysis   |
| ArcPAD  | GIS & Mobile Computing   |
| TerraSync   | GPS  |
| Trimble Pro XRS                                   | GPS  |
| Applications for AML                              | GPS  |
| GPS Mapping                                       | GPS  |
| ERDAS Imagine Fundamentals                        | Remote Sensing   |
| Leica Photogrammetry Suite                        | Remote Sensing   |
| <b>Computer-Aided Design (CAD) Applications</b>   |  |
| AutoCAD   | Permitting and Reclamation   |
| SURVCADD  | Landform Modeling  |
| Autodesk  | Surface Mine Mapping   |
| <b>Engineering/Science/Statistics</b>             |  |
| BLEP  | Blasting Log Evaluation  |
| Galena  | Slope Stability  |
| SDPS  | Subsidence predictions   |
| Statgraphics                                      | Statistical Analysis   |
| <b>Hydrology</b>                                  |  |
|   |  |
| AMDTreat  | AMD cost estimation  |
| SedCAD  | Surface water sedimentation  |
| AQTESOLV  | Ground water modeling  |
| AquaChem  | Water quality  |
| Groundwater Vistas                                | Ground water modeling  |
| <b>FY06 New TIPS Instructor-Led Courses</b>       |  |
| <b>Course</b>                                     | <b>Software</b>  |
| GPS Analyst for ArcGIS                            | GPS  |
| Spatial Analyst for ArcGIS                        | GIS  |
| Image Analysis for ArcGIS                         | Remote Sensing   |
| Stereo Analyst for ArcGIS                         | Remote Sensing   |
| Statistics Workshop                               | Interpretation of water quality data using Statgraphics and AquaChem |

*c. Regional/Site Specific Training*

OSM has regional training centers, which offer classes on customer requested topics and provide facilities for the national training program to minimize expenses. In FY 2006 and FY 2007, examples of such training may include:

Western Regional Information Workshops. In FY 2005, OSM and the seven western primacy states co-sponsored two regional information workshops for new technologies implementation in support of their nine-year electronic permitting/paperless office efforts. This effort is extremely

important to the regulatory programs in the current period of existing budgets and staff resources decrease, while grant allocations are remaining level or decreasing. Simultaneously, the western state regulatory agencies are experiencing an increase in permitting and bond release actions as coal production continues to increase in the Western United States, and reclaimed mines have completed their liability periods. These technical presentations are offering new paradigms to western state staff on how to work at their desktop workstations more efficiently, accurately, using new tools in shorter time period.

Acid Mine Drainage Workshop: In 2005, OSM sponsored a three-day “Acid Mine Drainage Workshop” in Indiana that included case studies and field trips. Case studies were prepared for both active and passive treatment of AMD with a variety of geologic settings. Participants included 33 State and Federal staff from 8 states, the OSM Mid Continent Regional (MCR) Office and the Appalachian Regional Office. Participant evaluations rated the workshop as excellent with a 93% satisfaction rating. The Illinois Department of Natural Resources has proposed hosting a similar workshop in 2006.

Interactive National Forum on Channel Reconstruction and Geomorphic Approach to Fluvial Hydrology: In FY 2006, OSM’s NTRT sponsored a forum in Farmington, New Mexico, in conjunction with visits to mine sites with award winning reclamation using new principles of designing overall surface water hydrology patterns based on stream classification criteria, using geomorphic approaches. Technology transfer of the FY 2006 forum in the form of video taping and streaming media, conference proceedings, and additional workshops are planned for FY 2007.

Mid-Continent Regional Workshops and Classes: The Mid-Continent Region conducts workshops and training courses for Mid-Continent States and others in support of both regional initiatives and state-specific needs. During FY 2006, MCR conducted five workshops on Permit Review/Approval, Blasting, Bonding, Mobile Computing for Inspection/Permitting, and AVS. The workshops focused on providing the staff from the State of Missouri with the skills and knowledge needed to resume SMCRA regulatory activities.

### **3. Technology Transfer**

Of the \$3.2 million requested, \$1.7 million of the funds for technical transfer support OSM’s regulatory program activities and \$1.5 million support OSM’s abandoned mine land program. Technical transfer is an integral component of OSM’s Restoration and Protection business lines providing national support to State and Tribal programs. Through the development of new technology and experimental practices this activity supports the DOI Resource Protection and Resource Use goal areas.

A sound technical development program ensures that the most current and valid scientific information is available to the industry, States, and Tribes. OSM plans to attain a 92 percent service rate in FY 2006.

*a. Technology Development*

OSM seeks to meet the needs of State, Tribes, and all OSM staff, as well as the public and the coal industry by solving problems related to reclamation projects, and regulatory implementation through cooperative research efforts with other bureaus. OSM does not fund research of its own, however, in FY 2005 it supported seven applied Science projects that address our major environmental issues. In FY 2006, OSM sent out a request for proposals for a similar number of applied science projects. Contracts will be awarded during mid 2006 to fund the applied science project proposals that best fit the current needs of SMCRA programs. Currently, OSM's research needs are coordinated with the regulatory and research programs of the USGS and other Federal agencies having responsibility for or supporting environmental protection.

OSM works with the academic community and private research organizations to identify potential areas of cooperation. The National Mine Land Reclamation Center (NMLRC), located at West Virginia University, receives funding from several Federal and State agencies including OSM and industry organizations to research solutions to environmental problems associated with coal mining. OSM staff serve on the steering committee of the Department of Energy (DOE) sponsored Combustion By-Products Recycling Consortium that recommends research projects for funding by DOE.

*b. Electronic Permitting*

The goal of Electronic Permitting is to obtain computer-generated permit applications in which all text, baseline data, models, drawings, and maps are in electronic media. As a long-term program that has significant monetary and time savings, electronic permitting provides more complete and up-to-date records for those involved in the permitting process. Currently, OSM is assisting primacy States in development and implementation of electronic permitting.

Electronic permitting provides State, Tribal, and OSM permit reviewers with computer-based tools to access electronic documents, maps and data, and to perform necessary environmental analyses. Electronic data and information can be downloaded directly onto computer systems, where users can access the computer databases and analytical software, such as those provided by TIPS, making data manipulation and analyses more efficient and accurate. Electronic permitting saves staff time by reducing many "clerical" aspects of accessing and transferring hard copy information. Additional benefits include the ability to share computer-based data with managers, field personnel, other agencies, the public and industry.

In FY 2006-2007, OSM plans to continue to coordinate activities with primacy States, tribes and industry and expand Federal/Industry electronic data exchange initiatives. OSM will support electronic permitting initiatives of States by concentrating on their needs in the area of data conversion, acquisition and storage, and interpretation of remote sensing data.

A few examples of electronic permitting achievements include:

- *Alabama* – The Alabama Surface Mining Commission (ASMC) is receiving EP through e-mail and CD submissions. The State has established a GIS for the coalfields and is

actively incorporating EP information into the system. The system will continue to be refined in 2006 and 2007.

- *Kentucky and Virginia* – Permits are now routinely processed electronically routinely. All permit applications are electronically routed and reviewed from submittal to approval. Permit applications can be delivered electronically or in hard copy, in which case they are scanned into the office network by State personnel. Virginia demonstrated its process and software systems to other Appalachian states in FY 2005 and has made the program available for other states, such as Maryland, to modify for use.
- *Wyoming* Aqua Terra Consultants, Inc. provided a training workshop on a fully electronic permit application for the Wyoming Department of Environmental Quality, Land Quality Division at the Western Regional New Innovative Technologies Workshop.

*c. Technology Transfer and Publications*

Technology Transfer is accomplished through a variety of activities. State technical representatives meet frequently with OSM regional staff to share resources whenever practicable to resolve regional technical issues. OSM sponsors or attends interactive technical forums, computer applications workshops, and technical seminars to address mining and reclamation environmental issues. After coordinating the need of States, Tribes, and industry, OSM plans and presents technical topic forums. OSM partners with the States to develop technology transfer priorities. The OSM national and regional technology transfer teams evaluate initiatives to encourage networking and information sharing that will result in program improvement or enhancement.

Reforestation Initiatives: OSM continues its effort to encourage reforestation practices that would increase the amount of mined land reclaimed as forest. This effort has resulted in technical and policy symposia, a website to communicate reforestation information, staff presentations at professional meetings, and publications that transfer state-of-the-art science and technology to mining and reclamation professionals around the world. The environmental and economic benefits of this approach include higher quality reclamation, an increase in the number of sites reclaimed, economic opportunities for local communities, aesthetic and recreational improvements, sale of forest products by landowners, and the opportunity for reporting carbon reductions through sequestration in forests. This activity is of interest to mine operators, utilities, land management companies, mining companies, and environmental organizations.

In FY 2005, the Appalachian Regional Reforestation Initiative (ARRI) continued its efforts to restore active and abandoned surface mine lands to productive, useful forests through promoting the Forest Reclamation Approach (FRA). The FRA is a series of techniques developed through research and field experience to prepare minesites for tree planting and methods of selecting and planting trees. During FY 2005, we established an Academic Team comprised of 20 team members representing 10 universities. The Academic Team provides the credentials and technical guidance for ARRI and research to improve the science behind the FRA. The Academic Team has begun writing a series of bulletins (Forest Reclamation Advisories) describing ARRI and the FRA.



ARRI has also enlisted individuals and groups into promoting the initiative through signing a Statement of Mutual Intent. To date, we have 102 signatories to the Statement of Mutual Intent representing 71 diverse groups including the Governor of Kentucky, the American Chestnut Foundation, the Rocky Mountain Elk Foundation, the National Mining Association, major coal producing companies, researchers from universities across the country, environmentalists, and representatives from state, local, and federal government.

In FY 2006 and 2007, OSM will continue to promote ARRI through Arbor Day events, enlisting additional signatories to the Statement of Mutual Intent and creation of promotional materials such as newsletters, brochures and Forest Reclamation Advisories. We will increase training to the state regulatory authorities, industry and public on the advantages of reclaiming mines using the FRA and continue to recognize, through our awards program, those who best put those techniques to use in the field.

Coal Combustion By-Products (CCB): OSM has successfully pioneered numerous technology transfer events and products on this topic beginning with its first national technical interactive forum in 1996. In FY 2005, OSM held its fifth Technical Interactive Forum on “Regulation, Risk, and Reclamation with Coal Combustion By-Products on Mines” in Kentucky. The three sessions covered topics of: Regulation of CCB Placement at Mine Sites; Cases Studies in CCB Mine Placement Design, Implementation, and Monitoring; and Leachate Studies for Risk Assessment at Mine Sites. There were at least 80 participants at the forum and participant surveys revealed a 94% satisfaction rating.

In FY 2006, OSM’s CCB steering committee is planning to conduct its sixth technical forum on “The Future of Flue Gas Desulfurization (FGD) By-Product Beneficial Application at Mines” in cooperation with The Ohio State University in Columbus, Ohio. The four topics to be examined during the symposium include: Beneficial Placement of FGD at Mines; Leachate Protocols for Assessment of Hydrologic Impact; Peer Review of the NAS CCB Study; and CCB Regulatory Status. In addition, OSM staff maintain the CCB web site at (<http://www.mcrcc.osmre.gov/ccb/>).

Bat Conservation and Mining: OSM cosponsored with Bat Conservation International a forum in May of 2005 “Management of Mines and Bats that Depend on Them.” The forum focused on issues related to: (1) Mining and Mining History; (2) Conservation Considerations; (3) Management Tools and Conservation Research in Action; and (4) Building a Bat Conservation Program.

In recent years, OSM has stepped up its activities in regard to protecting the endangered Indiana bat (*Myotis sodalis*) during Mining and reclamation activities. The endangered Indiana bat is found in more than half of the States with SMCRA regulatory programs. During 2005, OSM lead an effort by Federal and State wildlife agencies, State SMCRA programs and academics and mining industry representatives to develop and conduct a national symposium on Indiana Bats and Mines. Over 150 people attended the symposium. In a participant survey, 91% of respondents indicated that they were either extremely satisfied or very satisfied with the symposium. OSM is working with the State SMCRA programs and the Fish and Wildlife Service

to ensure that these valuable animals receive full protection under the Endangered Species Act with minimal disruption to coal production.

During FY 2006, OSM began working with the States and Industry to develop a workshop where all interested parties can be informed and provide comment on the Revised Recovery Plan for the Indiana Bat to be published by the USFWS in late spring/summer of 2006.

Managnese Workshop: This one-day workshop presented issues associated with achieving Manganese (Mn) effluent limits for mining operations as required by Title 40 of the Federal Regulations. Manganese has not been shown to have adverse impacts on stream biota and it is often very costly to treat discharges to meet Mn standards. The interactive forum involved 50 representatives of state regulatory authorities, OSM, EPA and industry representatives providing presentations on regulatory background, Mn's effects on stream biota, case studies and treatment costs.

### **Active and Passive AMD Treatment Interactive Forum**

The OSM Appalachian Region, in partnership with the Pennsylvania Department of Environmental Protection (PADEP) and several Pennsylvania watershed associations (including Western and Eastern Pennsylvania Coalition for Abandoned Mine Reclamation, Southern Alleghenies Conservancy, and the Western Pennsylvania Watershed Program) hosted a four day conference dedicated to the advancement of current technology of mine water treatment and resource recovery. The conference was geared toward facilitating a technical understanding of the treatment processes with experts from across the country and Canada giving presentations. The event took place in Pittsburgh, Pennsylvania during August 2005 and covered topics on active and passive mine water treatment technologies, resource recovery, and sludge handling. In addition to presentations by nationally known experts, the conference also included a heavily attended one-day workshop on passive treatment design. The most current design principles and in-depth review of mine water chemistry were emphasized. The resource recovery session presented specific markets that are being developed for the by-products of water treatment. The event was attended by over 260 people from 3 countries and 17 states representing non-profit watershed associations; district conservation groups; local, state and federal agencies; and industry. Evaluations received from over 90% of the attendees rated the event as highly satisfactory with an overall approval of over 95%. The entire conference including program, presentations, and conference photos is available at <http://www.treatminewater.com/>

Reports, Forum, and Workshop Proceedings: OSM publishes and co-sponsors the publication of numerous forums and workshop proceedings and various topical reports. These publications are distributed to interested parties at technology transfer events, upon request, and at various websites maintained by OSM. For example, during 2005, OSM published and distributed technical proceedings from the "Indiana Bat and Coal Mining" and the State Regulation of CCB's at Mines" technical interactive forums. We expect to publish proceedings from the "Regulation, Risk and Reclamation of Coal Combustion Byproducts at Mines" forum in 2006, and from the "Future of Flue Gas Desulfurization (FGD) By-Product Forum" and others during

2007. The agency publishes these proceedings, reports and notices in paper copy, on CD, and over the Internet to reach the widest audience possible. During 2006 and 2007, OSM will continue to develop, distribute, and communicate these products.

OSM Technical Library: OSM maintains technical libraries provides access to technical, scientific, and legal information for the agency, States, tribes, industry, citizen groups, and the public through a variety of services, reference assistance, technical research, document delivery, and the dissemination of critical current awareness information. The libraries anticipate that by being on the web, the use of the collection will increase significantly. In addition, it is projected that the libraries will receive approximately 360-400 publication requests in FY 2006 and FY 2007. As well as providing technical information and services to State Regulatory Agencies and other OSM customers on a variety of mining-related topics, the technical library shares its collection through interlibrary loan with libraries around the world. In order to provide worldwide access to the information resources in the collection, the library catalog is web-accessible to anyone with Internet access.

*d. Experimental Practices Program*

Section 711 of SMCRA allows variances from Sections 515 and 516 performance standards as alternative or experimental mining and reclamation practices to encourage advances in mining technology or to allow innovative industrial, commercial, residential, or public (including recreational) post-mining land uses. However, the experimental practices must be at least as environmentally protective as the performance standards promulgated under Sections 515 and 516 of SMCRA. The experimental practice also must not reduce the protection afforded public health and safety below that provided by the applicable performance standards. Approval and monitoring of a permit containing an experimental practice requires a close working relationship between the operator, the regulatory authority, and OSM.

Since the inception of the program, 49 experimental practices have been undertaken and 26 completed. Of the completed projects, 21 were determined to be successful and 5 unsuccessful. Twenty-one projects are currently underway; and 2 were terminated due to a regulation change.

During FY 2005, one project was completed and six applications were received. Of the six applications received, three were approved, one was denied, and two were pending. OSM will continue to review and evaluate applications and completed projects during FY 2006 and 2007.

*e. Educational Outreach*

To make the public and students aware of OSM's responsibilities and of its environmental stewardship mission, OSM staff provides educational outreach to science teachers associations, science classes, educational fairs, Earth Day events, career days, foreign visitors, grassroots organizations, and professional associations and societies. This outreach includes demonstrating phases of surface mining reclamation using an open-pit mine model with reclamation equipment and activities in place, as well as providing educational posters and materials involved in permitting, monitoring and reclaiming a mine site. Additional outreach is provided through publications and distribution of forum proceedings. Outreach efforts expanded in FY 2006 with

OSM's support of American Geological Institute's *Coal and the Environment* publication and the National Energy Foundation's *Coal-K through 12 Educational Poster*. Outreach is to continue and expand in 2007.

## **2006 PLANNED PROGRAM PERFORMANCE**

OSM, the Fish and Wildlife Service, Environmental Protection Agency, Corps of Engineers, and West Virginia Department of Environmental Protection released a comprehensive final programmatic Environmental Impact Statement on actions to minimize the environmental effects of Mountaintop Mining of Valley Fills. The agencies reviewed and addressed over 83,000 public comments which were submitted in response to the draft EIS released in 2003.

OSM and the seven western primacy states plan to co-sponsor two regional information workshops for new technologies implementation in support of their ten-year electronic permitting/paperless office efforts. One workshop is planned for May in Bismarck, North Dakota, and the other for August in Denver, Colorado.

The major goals for the Technology Development and Transfer Applied Science Program would be similar to those in FY 2005. Some projects underway may require second year funding which would be considered after review of progress during the first year.

Achieve the performance measures and targets for students trained and customer satisfaction rates as shown on the performance overview for this business line.

## **2005 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2005, the major accomplishments in the Technology Development and Transfer include:

- The National Technical Training Program (NTTP) offered 51 sessions of 39 different courses.
- The Technical Innovation and Professional Services (TIPS) conducted 25 instructor-led classes for 260 students, and provided on-line technical training for 29 students.
- Technical library staff responded to more than 650 requests from state regulatory staff, other federal agency staff, citizens, coal industry, consultants, and academics.
- OSM jointly sponsored a Geospatial Conference for 175 attendees from government, academia, industry and the public in Atlanta, Georgia.
- OSM hosted a Mine Water Treatment Conference for 250 participants from government, academia, industry, watershed associations, and environmental groups in Pittsburgh, Pennsylvania.

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- OSM developed and conducted an Acid Mine Drainage Workshop in Evansville, Indiana, featuring case studies and field trips highlighting acid mine drainage treatment issues and successes.
- OSM participated in National Engineer’s Week by holding a 2-day event at the Carnegie Science Center in Pittsburgh, Pennsylvania. Over 400 children and adults participated in the activities and discussions.
- During FY 2005, Appalachian Regional Reforestation Initiative (ARRI) held five tree planting events throughout the region to celebrate Arbor Day with various members of the public, industry and governments. ARRI groups also conducted numerous meetings and tours throughout the region to promote the Forest Reclamation Approach (FRA) and to train people on its implementation. ARRI has also developed slide show training modules to assist in teaching the technical aspect of the FRA.
- Six State Small Operators Assistance programs (Alabama, Kentucky, Maryland, Ohio, Pennsylvania, and West Virginia) helped 87 small coal mine operators collect technical data needed for mine permit applications.

Examples of studies funded under the Applied Science Program include:

| <b>Project Title/Contractor</b>  | <b>Purpose/Funding</b>  |
|--|---|
| Development of Standardized Kinetic Test Method for the Prediction of Coal Mine Drainage Quality--Interlaboratory Study<br><br>By: Pennsylvania Department of Environmental Protection and the Acid Drainage Technology Initiative | Developing test data that could be used to predict potential for Acid Mine Drainage to be a problem after mining.<br>Funding: \$50,000  |
| A System to Evaluate Prime Farmland Reclamation Success Based on Spatial Soil Properties<br><br>By: University of Illinois   | The technology proposed has the potential to change how the States and OSM evaluate land uses requiring productivity data and even forestry applications where the soil capability testing would replace vegetation analysis for requiring remediation or approving bond release.<br>Funding: \$149,000 |
| Development of Rapid Assessment Protocols for Beneficial Use of Post-2000 Coal Combustion Products in Virginia Coal Mines<br><br>By: Virginia Polytechnical University   | Develop appropriate tests for applicability of a variety of CCB materials to be used for soil amendments, AMD barrier materials, and acid coal waste treatment.<br>Funding: \$40,162  |
| Development of a Field Procedure to Evaluate the Reforestation Potential of Reclaimed Surface-Mined Land<br><br>By: University of Kentucky   | Develop the tests that would provide equivalent test data to a tractor mounted recording soil penetrometer that could be used on slopes and rough terrain inaccessible to a tractor.<br>Funding: \$42,296   |
| Vegetation Habitat Analysis to Enhance Reclamation of Drastically Disturbed Lands<br><br>By: Montana State University; and Montana Department of Environmental Quality   | Develop a process for determining controlling habitat factors for specific vegetation communities in the West.<br>Funding: \$65,000   |
| Demonstrate the Potential for Large-Scale Carbon Sequestration by Reforestation of Mined Lands Using Managed Forest  | Develop data to determine the potential for Reclaimed lands (variety of reduced compaction reclamation techniques) to sequester carbon through productive forestry.   |

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|   |                   |
|---|-------------------|
| By: Virginia Department of Mines, Minerals and Energy; and the Virginia Polytechnic Institute | Funding: \$40,162 |
|---|-------------------|

**TECHNOLOGY DEVELOPMENT AND TRANSFER PERFORMANCE OVERVIEW**

Performance supports Strategic Plan and PART measures displayed under “Goal Performance Tables” Tab in this document. Below represents bureau level measures for this business line.

| Measures:  | 2004 Actual | 2005 Final Plan | 2005 Actual | Change from 2005 Plan | 2006 Enacted | 2006 Change from 2005 Actual | 2007 Request | 2007 Change from 2006 |
|--|-------------|-----------------|-------------|-----------------------|--------------|------------------------------|--------------|-----------------------|
| Customer service rate in the quality of technical assistance. (applies to both the Resource Protection and Resource Use Goals). (BUR)                  | 100%        | 94%             | 99%         | +5%                   | 94%          | -5%                          | 94%          | 0                     |
| Percent satisfaction with the scientific and technical products and assistance. (applies to both the Resource Protection and Resource Use Goals) (BUR) | 97%         | 92%             | 93%         | +1%                   | 92%          | -1%                          | 92%          | 0                     |
| Customer effectiveness rate in the quality of technical training – NTTP. (applies to both the Resource Protection and Resource Use Goals) (BUR)        | 97%         | 93%             | 98%         | +5%                   | 93%          | -5%                          | 93%          | 0                     |
| Number of students trained – NTTP. (applies to both the Resource Protection and Resource Use Goals) (BUR)  | 916         | 950             | 957         | +7                    | 1,200        | +243                         | 1,200        | 0                     |
| Customer satisfaction rate for TIPS training. (applies to both the Resource Protection and Resource Use Goals) (BUR)                                   | 90%         | 89%             | 91%         | +2%                   | 89%          | -2%                          | 91%          | 2%                    |
| Customer satisfaction in the quality and timeliness of AVS provided services. (Applies to the Resource Use Goal) (BUR)                                 | 98%         | 95%             | 97%         | +2%                   | 95%          | -2%                          | 95%          | 0                     |
| BUR = Bureau Measure   |             |                 |             |                       |              |                              |              |                       |

**FINANCIAL MANAGEMENT**

(Dollars in Thousands)

|                            |        | 2005<br>Actual | 2006<br>Enacted | Fixed Costs &<br>Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2007<br>Request | Change<br>from<br>2006<br>(+/-) |
|----------------------------|--------|----------------|-----------------|--|-----------------------------|-----------------|---------------------------------|
| Regulation &<br>Technology | \$\$\$ | 485            | 481             | +4   | 0                           | 485             | +4                              |
|                            | FTE    | 2              | 2               | 0  | 0                           | 2               | 0                               |
| Abandoned<br>Mine Land     | \$\$\$ | 8,444          | 6,142           | +111   | 0                           | 6,253           | +111                            |
|                            | FTE    | 46             | 46              | 0  | 0                           | 46              | 0                               |
| TOTAL                      | \$\$\$ | 8,929          | 6,623           | +115   | 0                           | 6,738           | +115                            |
|                            | FTE    | 48             | 48              | 0  | 0                           | 48              | 0                               |

The FY 2007 budget request for Financial Management is \$6,738,000 and 48 FTE. This is a net increase of \$115,000 for fixed costs and related changes, and no FTE change from the 2006 enacted level. Of the fixed costs and related changes increase, \$22,000 reflects funding for vehicle fuel moved to the program areas instead of maintaining funding in a central account under Executive Direction. There are no program changes.

**Overview**

This business line provides resources for the Financial Management program activity. OSM carries out its financial management program responsibilities through three activities: fee compliance, revenue management, and grants management.

- Fee compliance covers the collection, accounting, audit and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.
- Grants management includes accounting for and reporting on grants awarded to State and Tribes for AML and regulatory purposes.
- Revenue management involves the accounting and collection of revenue other than reclamation fees, such as civil penalties assessed under Federal citations for mining violations and Federal performance bonds forfeited by coal mine permittees.

Financial Management operations are an integral part of OSM's Environmental Restoration and Environmental Protection mission goal areas supporting the Department's Resource Use and Resource Protection goals. State and Tribal grant funding (reclamation and regulatory) disbursement for the administration of regulatory activities and reclamation clean up projects is

managed through this program activity. OSM, States, and Tribes fund reclamation project work through the fees collected from current mine operators after they are appropriated by Congress annually. These projects clean up environmental hazards resulting from past mining operations that degrade land and water resources. The regulatory grants fund the administration of State regulatory programs that protect people and the environment from adverse affects associated with current mining and ensure the land is restored at the conclusion of mining.

**Operational Processes (Program Activities):** OSM carries out its program financial management responsibilities through three activities: fee compliance, revenue management, and grants management. This business line does not include administrative accounting or reporting for appropriated funds.

|   |
|---|
| <p style="text-align: center;"><b><i>Fee Compliance</i></b></p> <ul style="list-style-type: none"><li>• <i>Company Reporting</i></li><li>• <i>Collection</i></li><li>• <i>Accounting</i></li><li>• <i>Audits</i></li><li>• <i>Investment of AML Fees</i></li><li>• <i>Compliance Assistance to Operators</i></li><li>• <i>Regulatory and Policy</i></li><li>• <i>Development on Fee compliance issues</i></li></ul> <p style="text-align: center;"><b><i>Grants Management</i></b></p> <ul style="list-style-type: none"><li>• <i>Accounting and Reporting</i></li></ul> <p style="text-align: center;"><b><i>Revenue Management</i></b></p> <ul style="list-style-type: none"><li>• <i>Accounting and collection of revenue other than AML fees (e.g. civil penalties and Federal performance bonds)</i></li></ul> |
|---|

Fee compliance covers the company reporting, collection, accounting, audit, and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.

Grants management includes accounting for and reporting on grants awarded to States and Tribes for AML and regulatory purposes.

Revenue management involves the accounting and collection of revenue other than reclamation fees, such as civil penalties assessed under Federal citations for mining violations and Federal performance bonds forfeited by coal mine permittees.

The Financial Management business line supports accomplishment of OSM’s Environmental Restoration and Protection mission goals through the collection of fees used for reclamation work and management of reclamation and regulatory grant funds.

The outcome of OSM’s Financial Management program performance is mostly measured by the success of the Surface Mining Program in carrying out the two major missions of the organization -- Environmental Restoration and Environmental Protection. The Financial Management business line is an integral part and supports accomplishment of both missions. In addition, OSM identified workload indicators for this business line as measures of the efficiency and effectiveness of financial management operations. These measures or indicators include: the Office of Inspector General financial statement audit opinion for fee compliance, revenue management, grants financial services; and the fee collection rate for operators reporting coal tonnage.



**Actions Required to Achieve Annual Goals:** OSM will use technology to increase compliance and improve processing of collections. This includes using the Internet to ease the coal companies' reporting burden, receive quarterly coal production reports, provide information to companies, and allow companies to make payments on-line. OSM will continue to use new and streamlined collection services as they become available and will work with customers and stakeholders to ensure fair and consistent policies.

In FY 2007, OSM will continue to pursue opportunities to participate in e-government projects, such as coordinating the use of the Single Source Coal Reporting System, a node off the Small Business Administration's Business Gateway. OSM also expects to complete the FEEBACS redesign project which will consolidate three outdated subsidiary systems into one contemporary system. The redesign project will provide the ongoing systems support needed to assure the continued success of the fee compliance program.

In accordance with guidelines established by the Chief Financial Officer's Council, OSM is converting to a new grant disbursement system with the implementation of the new Departmental core accounting system. OSM will need to ensure a smooth transition to the new system through cooperative training with Treasury and customer service. OSM has over 157 grants and cooperative agreements with the States and Tribes, accounting for over \$300 million.

**Resources, Skills, and Technology Needed:** To support program activities and to ensure that operators continue to support the surface mining program by paying appropriate fees, OSM plans to maintain a highly trained cadre of fee compliance auditors, program accountants, and financial systems personnel. Training will continue so that financial management personnel maintain a high level of skill and technical expertise. OSM will also continue to use contractors to handle billing, data entry and appropriate collection functions, and redesign the principal systems that support the Fee Compliance Program.

The following section details, by program activity, the funding and FTE resources required to meet the performance measures.

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**Table 12 – Justification of Program and Performance  
Financial Management**

Summary Increases/Decreases for FY 2007  
(Dollars in Thousands)

| Program Activity            |        | Regulation & Technology |                   |                 | Abandoned Mine Lands |                  |                 | Total          |                  |                 | Inc/<br>Dec<br>(+/-) |
|-----------------------------|--------|-------------------------|-------------------|-----------------|----------------------|------------------|-----------------|----------------|------------------|-----------------|----------------------|
|                             |        | 2005<br>Actual          | 2006<br>Estimated | 2007<br>Request | 2005<br>Actual       | 2006<br>Estimate | 2007<br>Request | 2005<br>Actual | 2006<br>Estimate | 2007<br>Request |                      |
| Fee Compliance              | \$\$\$ | 0                       | 0                 | 0               | 8,359                | 6,056            | 6,166           | 8,359          | 6,056            | 6,166           | +110                 |
|                             | FTE    | 0                       | 0                 | 0               | 45                   | 45               | 45              | 45             | 45               | 45              | 0                    |
| Revenue Management          | \$\$\$ | 394                     | 389               | 391             | 0                    | 0                | 0               | 394            | 389              | 391             | +2                   |
|                             | FTE    | 1                       | 1                 | 1               | 0                    | 0                | 0               | 1              | 1                | 1               | 0                    |
| Grants Financial Management | \$\$\$ | 91                      | 92                | 94              | 85                   | 86               | 87              | 176            | 178              | 181             | +3                   |
|                             | FTE    | 1                       | 1                 | 1               | 1                    | 1                | 1               | 2              | 2                | 2               | 0                    |
| TOTAL                       | \$\$\$ | 485                     | 481               | 485             | 8,444                | 6,142            | 6,253           | 8,929          | 6,623            | 6,738           | +115                 |
|                             | FTE    | 2                       | 2                 | 2               | 46                   | 46               | 46              | 48             | 48               | 48              | 0                    |

## **2007 PROGRAM PERFORMANCE ESTIMATES**

### **1. Fee Compliance**

The fee compliance activity provides funding used by OSM, States and Tribes to restore land and water degraded by past mining practices to beneficial uses. The fee is collected from active coal operators based upon tons of coal produced and sold. The use of this money funds the accomplishment of the Department's Resource Protection goal.

OSM's Fee Compliance Program carries out SMCRA's requirements to ensure coal operators accurately report tonnage and pay reclamation fees. The program goal is to maximize compliance by fairly and consistently applying policy and collection procedures at a reasonable cost. In FY 2005, the program achieved a 99.9 percent collection rate resulting in \$293.6 million in total collections. The program achieved a 99.8 percent compliance rate for operators filing their tonnage reports after working closely with the industry. OSM also increased the percent of permits that filed OSM-1 Reports electronically, from 44 percent in FY 2004 to 58 percent in FY 2005. OSM's goal is to increase the percent of permits that file electronically, to provide better service to coal companies and to realize the benefits of E-government. In terms of efficiency, the total direct program cost was less than two percent of the amount collected.

The Fee Compliance Program is comprised of two highly integrated components, -- collections and audits -- that work hand-in-hand to maximize compliance, minimize the burden on industry, and ensure the efficient use of resources. For example, key initiatives that these components will pursue in FY 2007 include:

- Completing the replacement of the current Fee Billing and Collection System (FEEBACS), the Audit Fee Billing and Collection System (AFBACS) and the Civil Penalty Accounting and Collection System (CPACS) with one contemporary system that can be maintained into the future. The new system will provide reliable support, at less cost to operate and maintain than the three existing, outdated systems.
- Continuing the coordination of the consolidated coal data reporting system (Single Source Coal Reporting System). This project is being coordinated with other Federal and state agencies that collect information from the coal industry. This system allows companies to electronically report information one time for multiple government uses.
- Expanding coal companies' use of electronic tonnage reporting and fee payment systems. These mechanisms offer efficiencies for both the industry and government.

Details on these and other services the collection and audit components provide are described in the following sections.

a. *AML Fee Collection*

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The collection component assures that the AML Fee payment requirements of SMCRA are consistently and fairly applied across the country, creating a level playing field for all coal companies. In FY 2005 OSM collected 99.9 percent of the AML Fees due during the year. Total AML Fee collections were \$293.6 million.

To assist in managing AML Fee collections, OSM utilizes the Fee Billing Accounting and Collection System (FEEBACS). This computerized system provides subsidiary accounts receivable and management information needed to manage the fee compliance program. FEEBACS is integrated with the Applicant Violator System to track new permits from initial permitting through fee reporting. AML fee payments are tracked by permit number of producing coal companies for each quarter of the year. In addition, the system issues quarterly OSM-1 coal reclamation fee reports for industry coal sale reporting and fee computation. The package includes all data available on potentially producing permits to simplify the reporting requirements by industry. The forms are pre-printed and mailed to the companies to facilitate tonnage reporting and fee payment. Beginning in 2001, companies could elect to report over the Internet, using the E-filing system described below.

OSM-1 Reports covering over 2,700 permits are processed each quarter. OSM has developed an internet-based system to allow coal companies to file their quarterly coal production reports electronically. Companies report that the system saves them time and money. This is evidenced by the fact that over 340 companies voluntarily use the E-filing system. The companies use the system to report on over 1,600 permits and approximately 87% of the coal tonnage produced in the country. The new system helps streamline the reporting process, makes it easier for companies to report on time, reduces errors, and makes it easier to follow-up with companies that have not reported. During FY 2002, the system was enhanced to allow companies to make payment online, using the Treasury Department's Pay.Gov payment method. This new feature saves companies time and wire transfer costs, while providing OSM with faster information about collections for investment purposes. Over 34 percent of reclamation fees were paid electronically using Pay.Gov, in the third quarter of 2005. During FY 2006 and 2007, OSM plans to continue promoting the use of E-filing and online payment by companies.

OSM will implement the first phase of the redesigned Fee Billing and Collection System (FEEBACS) in early 2007. The acquisition stage of the project was delayed in 2005 because OSM was unable to find the best value for the government. OSM has divided the project into two phases to implement a modular approach to the project. The modular approach reduces the risk to the government and vendors. The redesigned system will assure the ongoing support for the Fee Compliance Program and reduce costs by:

- 1) Averting a system failure to business processes that generate approximately \$293 million a year in collections, and by avoiding the costs required to fix such a failure. We estimate that a major system failure would cost a minimum of \$732,500 in lost fee collections.
- 2) Migrating two of the existing systems off of their current hardware. The two systems reside on the same computer system as the administrative accounting system and its related subsidiary systems. OSM is migrating its administrative accounting system to a new Department-wide Financial and Business Management System. Once this occurs, OSM will have to continue to maintain and operate the host

computer system to support the two existing collection systems—AFBACS and CPACS. The redesign of these two existing systems will eliminate the need to do this, and save an estimated \$139,000 in recurring annual maintenance costs (current dollars). The redesign will also create \$96,411 a year in software maintenance efficiencies. The new system will allow OSM to readily contract out software maintenance and reduce costs.

- 3) Eliminating the need to replace existing hardware that is going off-maintenance in 2006 and re-writing the AFBACS and CPACS systems. This will save an additional \$1.02 million.

This project will improve efficiencies by:

- 1) Re-engineering and streamlining business processes. OSM currently incurs \$540,000 a year in non-computer operating costs that could be reduced with the new system. Although we cannot currently predict the total efficiency savings from this project, a 15 percent efficiency gain of \$81,000 would be an estimate at this time.
- 2) Replacing three outdated systems with one system.
- 3) Potentially reducing the cost of data collection by partner agencies.

In another effort underway, OSM expects to be able to implement a consolidated single reporting form for coal companies to use to report to multiple Federal and State agencies. A study conducted by the partner agencies showed that it would be cost-effective to develop a consolidated single source coal reporting system. During FY 2006, OSM will continue working with the partner agencies and the Small Business Administration (SBA) to plan and coordinate the deployment of the system with SBA's Business Gateway initiative. Development of the system was started in June 2005 with funding provided by SBA and OSM.

*b. AML Fee Audit*

SMCRA requires OSM to conduct audits to ensure full compliance with the law's reclamation fee requirements, so funds are available for State, Tribal, and Federal reclamation efforts. To meet that mandate, the compliance program is designed to promote timely and accurate reporting of coal tonnage and to ensure correct fee payments. In addition to conducting audits, this includes providing the information and assistance operators need to comply, and taking enforcement action when non-compliance occurs.

The audit staff is strategically located in field offices in most of the coal-producing areas, which is instrumental in providing direct service to coal operators. To ensure quality, all work is carried out in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The continuing professional education and training of OSM's auditing staff is emphasized in accordance with those standards.

By structuring the audit program so that all companies have the potential to be audited, an effective deterrent to noncompliance is always present. To support the program goal of maximizing compliance, OSM auditors will conduct more than 150 audits and compliance

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checks in FY 2007. Beyond the deterrent effect, this provides an opportunity to directly assist industry on accounting and reporting matters. For example, when instances of non-compliance are identified, the auditors explain each issue and how similar occurrences can be avoided in the future.

Auditors also provide several other services necessary to achieve a high level of compliance. The following are a few examples of the work planned for FY 2007.

- *Examining all permit transactions recorded by regulatory authorities:* The audit staff will need to review more than 2,000 newly issued coal mining permits and transactions (transfers and amendments), which can affect the parties responsible for paying fees. About 1,600 were handled in FY 2005. By continuing these efforts, the program has greater assurance that all producing permits are identified in a timely manner, and operators are informed of their reporting and payment responsibilities.
- *Developing necessary revisions to the fee requirements:* The auditors have the most direct contact with operators and the subject-matter expertise to identify, develop, test, and implement any needed changes. This is part of an ongoing effort to ensure fairness and a level playing field among all operators in paying fees, and to minimize the compliance burden.
- *Promoting E-government:* This work will cover promoting electronic tonnage reporting and fee payment by demonstrating the systems for companies during audits and forwarding interested party information for enrollment.
- *Coordinating work with the Internal Revenue Service:* OSM will continue working with the IRS to ensure that the fee compliance and coal excise tax compliance programs function together more efficiently. SMCRA requires OSM to forward audit results to the IRS and both agencies coordinate issues affecting the industry.

Overall, there also will be a continued emphasis on customer service in FY 2006 and 2007. Industry feedback on the FY 2005 audits indicated that all customer service standards were met, which is critical to maximizing compliance and collections.

**Table 13 - Actual and Estimated Deposits to the AML fund**  
**AML Production Fees**  
*(Production in millions of tons)*  
*(Dollars in Millions)*

|              | 2005<br>“Actuals” | 2005 Projections<br><i>(as submitted in FY 2005)</i> |     | 2006 Projections |     | 2007 Projections |     | 2008 Projections |     |
|--------------|-------------------|--|-----|------------------|-----|------------------|-----|------------------|-----|
|              |                   | DOE  | OSM | DOE              | OSM | DOE              | OSM | DOE              | OSM |
| Production * |                   |  |     |                  |     |                  |     |                  |     |
| Underground  | 359               | 367  | 359 | 362              | 368 | 381              | 380 | 408              | 387 |
| Surface      | 662               | 729  | 684 | 720              | 676 | 743              | 701 | 762              | 712 |
| Lignite      | 84                | 83   | 90  | 85               | 86  | 87               | 87  | 91               | 88  |
| AML Fees **  | \$293.6           | \$303.7  |     | \$299.8          |     | \$311.7          |     | \$79             |     |

*\*DOE Production is based on the Department of Energy (DOE) Table 111 “Annual Energy Outlook 2006, Reference Case Forecast”. OSM tonnage uses the last reported production (Fiscal Year 2005) and then increases or decreases based on the percentage increase or decrease in DOE production for each coal type. The OSM projections are usually lower because AML fees are assessed on the tonnage sold, used, or transferred while the DOE figures are based on the tonnage produced.*

*\*\*AML Fees are calculated based on the OSM tonnage estimates multiplied by the applicable fee rate: \$0.15, \$0.35, and \$0.10 for underground, surface, and lignite, respectively. This calculation is then adjusted for moisture content, reduced coal prices and fees, administrative fees and uncollectible fee estimates. Current Authority to collect AML fees ends on June 30, 2006. The AML fee projections for FY 2006 assume continuation of current legislation. The Interior budget proposal extends current legislation to September 30, 2007 and collections for the last fiscal year of 2007 are received in the first quarter of 2008. The Interior budget also seeks a permanent extension of the existing fee structure.*

*Office of Surface Mining Reclamation and Enforcement*

**Table 14 – Summary Status of Abandoned Mine Reclamation Fund  
(Dollars in thousands)**

| Fiscal Year | Receipts and Interest Income |                 |            | Appropriations                       |          |                                      |                     |            | Cumulative Unappropriated AML Fund Balance |
|-------------|------------------------------|-----------------|------------|--------------------------------------|----------|--------------------------------------|---------------------|------------|--|
|             | Amount                       | Interest Earned | Cumulative | Amount Appropriated from AML Fund /1 | footnote | Appropriations from Other Sources /2 | Transfer To UMWACBF | Cumulative |  |
| 1978        | 105,444                      |                 | 105,444    | 36,647                               |          |                                      |                     | 36,647     | 68,797                                     |
| 1979        | 184,433                      |                 | 289,877    | 61,451                               |          |                                      |                     | 98,098     | 191,779                                    |
| 1980        | 199,000                      |                 | 488,877    | 94,843                               |          |                                      |                     | 192,941    | 295,936                                    |
| 1981        | 192,657                      |                 | 681,534    | 82,485                               |          |                                      |                     | 275,426    | 406,108                                    |
| 1982        | 222,644                      |                 | 904,178    | 115,333                              |          |                                      |                     | 390,759    | 513,419                                    |
| 1983        | 197,196                      |                 | 1,101,374  | 213,079                              |          |                                      |                     | 603,838    | 497,536                                    |
| 1984        | 216,554                      |                 | 1,317,928  | 271,228                              |          |                                      |                     | 875,066    | 442,862                                    |
| 1985        | 226,426                      |                 | 1,544,354  | 296,941                              |          |                                      |                     | 1,172,007  | 372,347                                    |
| 1986        | 219,162                      |                 | 1,763,516  | 197,277                              |          |                                      |                     | 1,369,284  | 394,232                                    |
| 1987        | 215,304                      |                 | 1,978,820  | 203,720                              |          |                                      |                     | 1,573,004  | 405,816                                    |
| 1988        | 229,890                      |                 | 2,208,710  | 199,380                              | /1       | 7,000                                |                     | 1,772,384  | 436,326                                    |
| 1989        | 235,493                      |                 | 2,444,203  | 193,160                              |          |                                      |                     | 1,965,544  | 478,659                                    |
| 1990        | 243,519                      |                 | 2,687,722  | 192,772                              |          |                                      |                     | 2,158,316  | 529,406                                    |
| 1991        | 243,761                      |                 | 2,931,483  | 198,955                              |          |                                      |                     | 2,357,271  | 574,212                                    |
| 1992        | 241,954                      | 39,328          | 3,212,765  | 187,803                              |          |                                      |                     | 2,545,074  | 667,691                                    |
| 1993        | 238,153                      | 30,633          | 3,481,551  | 187,930                              |          |                                      |                     | 2,733,004  | 748,547                                    |
| 1994        | 244,296                      | 40,090          | 3,765,937  | 190,107                              | /2       | 7,200                                |                     | 2,923,111  | 842,826                                    |
| 1995        | 255,416                      | 61,730          | 4,083,083  | 182,386                              |          |                                      |                     | 3,105,497  | 977,586                                    |
| 1996        | 256,451                      | 69,383          | 4,408,917  | 173,887                              |          |                                      | 47,184              | 3,326,568  | 1,082,349                                  |
| 1997        | 266,783                      | 81,006          | 4,756,706  | 177,085                              |          |                                      | 31,374              | 3,535,027  | 1,221,679                                  |
| 1998        | 273,039                      | 67,031          | 5,096,776  | 177,624                              | /3       | 3,163                                | 32,562              | 3,745,213  | 1,351,563                                  |
| 1999        | 276,674                      | 82,831          | 5,456,281  | 185,392                              |          |                                      | 81,766              | 4,012,371  | 1,443,910                                  |
| 2000        | 274,297                      | 94,370          | 5,824,948  | 195,873                              | /4       |                                      | 108,959             | 4,317,203  | 1,507,745                                  |
| 2001        | 284,044                      | 103,496         | 6,212,488  | 215,038                              | /5       |                                      | 182,018             | 4,714,259  | 1,498,229                                  |
| 2002        | 287,066                      | 43,278          | 6,542,832  | 203,455                              | /6       |                                      | 90,179              | 5,007,893  | 1,534,939                                  |
| 2003        | 282,555                      | 23,620          | 6,849,007  | 190,499                              | /7       |                                      | 89,858              | 5,288,250  | 1,560,757                                  |
| 2004        | 287,023                      | 45,694          | 7,181,724  | 190,591                              |          |                                      | 14,966              | 5,493,807  | 1,687,917                                  |
| 2005        | 293,604                      | 75,017          | 7,550,345  | 188,205                              |          |                                      | 66,533              | 5,748,545  | 1,801,800                                  |
| 2006        | 299,768                      | 88,450          | 7,938,563  | 185,248                              |          |                                      | 59,004              | 5,992,797  | 1,945,766                                  |
| 2007        | 311,803                      | 94,663          | 8,345,029  | 0                                    |          |                                      | 0                   | 5,992,797  | 2,352,232                                  |

/1 Total does not include \$7M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/2 Total includes \$7.2 M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/3 Total does not include 3.2M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/4 Total includes one-time \$68M emergency appropriation, as well as the annual appropriation of \$41m.

/5 Total includes annual amount of \$102.9M, as well as \$81.6M of the one-time \$96.7M mandated under PL 106-291.

/6 Total includes annual amount of \$113.6M, less \$23.4M returned by UMWACBF trustees mandated under PL 106-291.

/7 Total includes annual amount of \$56M as well as \$33.8M mandated under PL108-7.

Note: FY 2006 figures are estimates except for appropriations and transfers.

FY 2007 figures are estimates.

## 2. Grant Financial Management



*Office of Surface Mining Reclamation and Enforcement*

This activity accounts for and disburses reclamation and regulatory grants to States and Tribes under OSM's Environmental Restoration and Environmental Protection business lines. Grants represent the majority of OSM's budget and fund the protection and restoration of land, water, and structures adversely affected by mining operations (past and present). The grants financial management activity includes the disbursement, accounting, reporting and recovery of grant funds. It also includes the computer systems used to support these functions. A little more than half of the funding request (\$0.93 million) supports DOI's Resource Use goal and \$0.87 million supports DOI's Resource Protection goal.

OSM is in the process of converting its accounting systems to the Department's Financial and Business Management System (FBMS). This conversion includes a product called EGrants Plus, a comprehensive grants management system that is intended to facilitate all functions related to the administration of financial assistance programs. Implementation of EGrants Plus will cover two deployments. The first deployment was implemented on April, 5, 2005 to handle many of administrative functions related to financial assistance programs. Under this deployment, existing financial structures (ABACIS, GIFTS, and DDX) will continue to be operational. The second deployment will integrate the financial processes with the administrative functions that were implemented in the first deployment. Implementation of the second deployment is anticipated in October 2006.

Under current financial structures, the grant disbursement system allows States and Tribes to request funds and receive payments on their grant awards within one day. The grants tracking system allows grant specialists to track grant awards, disbursements and costs, and manage the grant financing. Grant awards are entered into the Grants Information Financial Tracking System (GIFTS) to establish a grant account balance. As States and tribes need funds, they submit a drawdown request for funds through OSM's on-line Draw-Down Express System. The Draw-Down Express System automatically checks GIFTS to assure that funds are available. If funds are available, the system approves the disbursement and a payment is issued. GIFTS is updated as payments are made. As States and Tribes spend the grant funds they have received, they submit cost reports, which are entered into the system. GIFTS gives OSM grant specialists and States and tribes on-line reports, which show the status of grant funds.

The Table on the following page details the AML Unappropriated Balance as of September 30, 2005, by a description of its allocation.

*Office of Surface Mining Reclamation and Enforcement*

**Office Of Surface Mining  
AML Unappropriated Balance  
September 30, 2005  
Prepared by the Division of Financial Management**

**Total Funds to be Allocated: \$1,801,798,272.85**

| Description of Allocation        | Balance as of 10/03/04 1/ | LESS: 2005 Appropriation   | Missouri Redistribution 6/ | LESS: 2005 5/ UMWBF Transfer | Post Appr. & Trans. Balance | Investment Int. 10/01/04-9/30/05 | Collections for 10/01/04-9/30/05 | Balance As Of 9/30/05     |
|----------------------------------|---------------------------|----------------------------|----------------------------|------------------------------|-----------------------------|----------------------------------|----------------------------------|---------------------------|
| RAMP Allocation 7/               | \$331,419,542.03          | \$0.00                     | \$0.00                     | \$0.00                       | \$331,419,542.03            | \$0.00                           | \$29,698,870.65                  | \$0.00                    |
| Federal Expense 2/ 7/            | \$59,791,505.94           | (\$60,178,253.00)          | \$1,760,151.00             | \$0.00                       | \$1,373,403.94              | \$0.00                           | \$59,397,741.30                  | \$421,889,557.92          |
| Historical Coal 3/               | \$130,404,965.91          | \$(53,274,698.00)          | (\$1,760,151.00)           | \$0.00                       | \$75,370,116.91             | \$0.00                           | \$59,397,741.30                  | \$134,767,858.21          |
| UMWA                             | \$96,622,213.86           | \$0.00                     | \$0.00                     | (\$66,533,253.61)            | \$30,088,960.25             | \$75,016,987.47                  | \$0.00                           | \$105,105,947.72          |
| <b>Total Fed Share 1/ and 4/</b> | <b>\$618,238,227.74</b>   | <b>(\$113,452,951.00 )</b> | <b>\$0.00</b>              | <b>(\$66,533,253.61)</b>     | <b>\$438,252,023.13</b>     | <b>\$75,016,987.47</b>           | <b>\$148,494,353.25</b>          | <b>\$661,763,363.85</b>   |
| <b>Total State Share</b>         | <b>\$1,069,677,906.24</b> | <b>\$(74,752,874.00 )</b>  | <b>\$0.00</b>              | <b>\$0.00</b>                | <b>\$994,925,032.24</b>     | <b>\$0.00</b>                    | <b>\$145,109,876.76</b>          | <b>\$1,140,034,909.00</b> |
| <b>Total</b>                     | <b>\$1,687,916,133.98</b> | <b>(\$188,205,825.00 )</b> | <b>\$0.00</b>              | <b>(\$66,533,253.61)</b>     | <b>\$1,433,177,055.37</b>   | <b>\$75,016,987.47</b>           | <b>\$293,604,230.01</b>          | <b>\$1,801,798,272.85</b> |

1/ With Public Law 106-291, Congress authorized a transfer to the United Mine Workers Combined Benefit Fund using interest earned in FY 1992-1995. \$78,976,478.05 (net of \$173,996.17, a Congressionally reduced appropriation, subsequently restored) was transferred under this law, \$23,427,452.36 (net) was returned to OSM in 2002, leaving a remaining balance in this pool of \$41,133,755.64. Due to a downturn in interest rates, this pool is now depleted.

2/ The Federal Expense Distribution was calculated using 2004 distribution levels

3/ The Historical Coal Distribution was calculated using 2004 distribution levels

4/ This amount includes interest income received of \$39,328,466.11 prior to 10/01/92. Per Congressional appropriation language, OSM used \$7,000,000 of that leaving remaining interest earned of \$32,328,486.11.

5/ \$66,533,253.61 is the amount transferred at the beginning of FY 2005 to the United Mine Workers Benefit Fund for estimated expenses in FY 2005 and for adjustments to actual expenditures in FY 1996, FY 1997, FY 1998, FY 1999, FY 2000, FY 2001, FY 2002, FY 2003, and FY 2004. Afbacs is reflecting an .08 increase in 2004 that ABACIS recognized in 1997

6/ As part of the 2005 AML Grant Distribution, Missouri's available share balance was re-distributed to other program states. Missouri's minimum program funding that was distributed as federal expense funding was given to the program states as historical coal funding.

7/ Public Law 109-54 provided for a one time transfer of the RAMP balance g(2) as of September 30 to the Federal Expense account g(3). The balance at September 30, 2005 was \$361,118,412.68.

### **3. Revenue Management**

The Revenue Management activity involves managing a variety of non-fee revenues and receivables that come from the agency's operations. These include the following:

- Federal civil penalties issued for mining violations. The total outstanding balance of open civil penalty cases was \$237,102 at the end of FY 2005, including interest and late charges. New civil penalties recorded in FY 2004 totaled \$148,804.
- Bond forfeitures by federally permitted mining companies.
- Fees for mine permit reviews and blaster certification training.

The bonds and penalties assessed ensure responsible management practices in the extraction of coal resources. Levy of penalties and fees help to ensure operators' compliance with coal mining regulations and ensure the land is restored to beneficial use at the conclusion of mining operations.

Civil penalty collections are used to reclaim post-SMCRA mine sites. To maximize the collection rate on civil penalties, OSM uses all of the debt collection tools available. These tools include demand letters, personal contact with the debtor, use of payment plans, referral to private collection agencies through Department of Treasury, litigation through the Solicitor's Office, and referral to the Department of Treasury for payment offset. Additionally, delinquent civil penalties are reported to the Applicant Violator System so that violators and debtors do not obtain permits to mine coal until the outstanding debt and violations have been resolved. These are the same tools used in the AML Fee collection program. However, because the majority of the companies that incur AML Fees are viable, the collection rate for AML Fees is higher than the collection rate for civil penalties.

During 2006-2007 OSM plans to continue to refer civil penalty debt that is more than 180 days delinquent to the Department of Treasury for collection, in accordance with the Debt Collection Improvement Act of 1996. OSM has a memorandum of understanding with the Department of Treasury whereby they will provide collection services on debts over 180 days delinquent. During FY 2005, OSM referred 100 percent of qualifying civil penalty debts to Treasury.

Bond forfeitures on federally permitted lands are used to reclaim mine sites when a company fails to perform reclamation. It is a positive indicator that bond forfeitures have declined over the past three years.

## **2006 PLANNED PROGRAM PERFORMANCE**

Continue with the redesign of three critical collection systems.

Continue promoting the use of e-filing and online payment by coal companies in the collection of AML fees.

Support the single source coal reporting effort and coordination with other agencies and partners.

Achieve performance targets as outlined on the following page.

## **2005 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2005, the major accomplishments in the Financial Management program activity include:

- OSM received its 15<sup>th</sup> consecutive unqualified audit opinion on our FY 2005 financial statements. No material weaknesses identified.
- OSM increased electronic coal reclamation fee reporting to 58% of permits, which represents 87% of the total nationwide coal production.
- OSM collected \$293.6 million in coal reclamation fees from active mine operators that will be used to reclaim lands abandoned prior to passage of the Surface Mining Law of 1977.
- OSM distributed over \$147 million to state abandoned mine programs to reclaim abandoned mine land health and safety hazards and over \$56 million to state coal mine regulatory programs. As mentioned in early sections, grants to regulatory states did not include full funding for Missouri in FY 2005.

## **FINANCIAL MANAGEMENT PERFORMANCE OVERVIEW**

*Office of Surface Mining Reclamation and Enforcement*

Performance supports Strategic Plan and PART measures displayed under the “Goal Performance Tables” Tab in this document. Below represents bureau level measures for this business line.

| Measures:   | 2004 Actual | 2005 Final Plan | 2005 Actual | Change from 2005 Plan | 2006 Enacted | 2006 Change from 2005 Actual | 2007 Request | 2007 Change from 2006 |
|---|-------------|-----------------|-------------|-----------------------|--------------|------------------------------|--------------|-----------------------|
| Increase the number of permits reporting by e-filing. (BUR) | 44%         | 50%             | 58%         | +8%                   | 50%          | -8%                          | 65%          | +15%                  |
| AML Fee Collection rate. (BUR)                              | 99.9%       | 99%             | 99.9%       | +0.1%                 | 99%          | -0.1%                        | 99%          | 0                     |
| Customer satisfaction with Grants Financial Services. (BUR) | 98%         | 95%             | 100%        | +5%                   | 95%          | -5%                          | 95%          | 0                     |
| BUR = Bureau Measure  |             |                 |             |                       |              |                              |              |                       |

**EXECUTIVE DIRECTION**  
(Dollars in Thousands)

|                            |        | 2005<br>Actual | 2006<br>Enacted | Fixed Costs<br>& Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2007<br>Budget<br>Request | Change<br>from<br>2006(+/-) |
|----------------------------|--------|----------------|-----------------|--|-----------------------------|---------------------------|-----------------------------|
| Regulation &<br>Technology | \$\$\$ | 14,505         | 14,875          | +459   | +67                         | 15,401                    | +526                        |
|                            | FTE    | 60             | 63              | 0  | 0                           | 63                        | 0                           |
| Abandoned Mine<br>Land     | \$\$\$ | 7,421          | 7,633           | +251   | +34                         | 7,918                     | +285                        |
|                            | FTE    | 31             | 34              | +1   | 0                           | 35                        | +1                          |
| TOTAL                      | \$\$\$ | 21,926         | 22,508          | +710   | +101                        | 23,319                    | +811                        |
|                            | FTE    | 91             | 97              | +1   | 0                           | 98                        | +1                          |

The FY 2007 budget request for Executive Direction is \$23,319,000 and 98 FTE. This is a net increase of \$710,000 for fixed costs and related changes, and one FTE change from the 2006 enacted level. Of the fixed costs and related changes, there is a net decrease of \$223,000 for funding of vehicle fuel. That amount was moved to the program areas instead of maintaining funding in a central account under Executive Direction. A total of \$2,000 was retained under Administrative Support for vehicles used at Headquarters. There is a program change of \$101,000.

Justification of 2007 Program Change.

Working Capital Fund (+\$101,000) – To support increases in the DOI Working Capital Fund to support enterprise approaches that result in improved effectiveness and efficiency.

Overview

The Executive Direction business line functions are carried out at OSM’s headquarters location in Washington, D.C. This business line includes the Director’s and staff offices, information technology, administration, human resources, and internal financial management for the organization. Executive Direction provides internal executive direction and administrative support to programs, regions, and field offices through the development and coordination of agency policy, budget, plans and other guidance documents. Also, Executive Direction coordinates the implementation of Departmental and Administration initiatives in the bureau, such as, the President’s Management Agenda.

The performance outcomes for Executive Direction are accomplished through the efficient and effective operations of the two major agency business lines (i.e., environmental restoration and environmental protection) and two support programs (technology development and transfer and financial management). Through providing administrative support functions for these programs

Executive Direction supports the Department of the Interior goals and measures in the new strategic plan.

**Operational Processes (Program Activities):** The funding request for this business line is to support activities of Executive Direction, Administrative Support and General Services. Executive Direction provides executive leadership and policy direction for the Bureau, which includes the immediate office of the Director. Administrative Support provides all of the support services for day-to-day operations, such as information technology, human resources, procurement, and finance and accounting. General Services funds bureau-wide fixed costs such as office space, telephones, US postage, unemployment compensation etc., and Department-wide fixed costs assessed to OSM.

***EXECUTIVE DIRECTION AND  
ADMINISTRATION ENCOMPASSES:***

- Director's and Staff Offices
- Administrative support for day to day operations
  - Human Resources
  - Administration
  - Finance and Accounting
- Information Technology
- General Services (Office space, telephones, postage, unemployment and workers compensation, working capital fund, and other fixed costs)

The Offices in the Executive Direction business line performance is an integral component of OSM's Environmental Restoration and Environmental Protection mission goal areas; and the technology development and transfer and finance support functions. Through accomplishment of OSM's two mission goals the business line supports the Departmental Resource Protection, Resource Use and Serving Communities goal areas.

The outcome of program performance will be measured by the success of the Surface Mining

program in carrying out the environmental restoration and protection missions. Also, performance will be measured through OSM's contribution to the accomplishment of the Departmental management goals and measures in the new strategic plan based upon the President's five agenda items -- strategic management of human capital, expand e-government, improve budget and performance integration, improve financial management, and expand competitive sourcing.

In FY 2006 and 2007, OSM will continue to support the Department's progress in the implementation of the President's management agenda. Our performance in the five management improvement areas will be reported through the internal DOI scorecard rating system. All scorecards were modified in FY 2005 to strengthen the criteria and a new scorecard to evaluate asset management was added. As of the last internal rating period ended October 2005 the bureau had a "yellow" in the areas of strategic management of human capital, electronic government and financial management; and a "green" in the areas of competitive sourcing, asset management, and budget and performance integration. During FY 2006, OSM will also continue to participate in the Department's e-government quicksilver projects. These support the Department's Management Excellence mission goal.

*Office of Surface Mining Reclamation and Enforcement*

| <i>OSM SCORECARD RATINGS</i>  |                                       |                  |
|---|---------------------------------------|------------------|
| <i>DOI Mission Goal</i>   | <i>Agenda Item</i>                    | <i>OSM Score</i> |
| <b>Management Excellence</b><br>Improve the efficiency and effectiveness of internal operations in the delivery of DOI programs and services. | Strategic Management of Human Capital | Yellow           |
|   | Competitive Sourcing                  | Green            |
|   | Improved Financial Management         | Yellow           |
|   | Budget and Performance Integration    | Green            |
|   | Asset Management                      | Green            |
|   | Electronic Government                 | Yellow           |

OSM’s scorecard ratings will be verified and validated through meetings between the bureau and the cognizant Departmental office to assess performance semi-annually.

**Actions Required to Achieve Annual Goals:** OSM will continue to strengthen or maintain existing “green” scores and improve its “yellow” scores.

**Resources, Skills, and Technology Needed:** OSM and the States and Tribes will continue to need a diverse and multi-disciplinary cadre of personnel to accomplish the mission and goals of SMCRA. In addition, these personnel will guide OSM through technical and policy decisions to ensure that coal-mining activities, including post-mining reclamation, are carried out in such a manner that the safety and health of coalfield citizens is protected and the environment is not degraded.

**FY 2007 Budget Request:** The FY 2007 President’s Budget requests \$23.3 million for Executive Direction and Administrative activities. Of this total, \$3.8 million will be used to provide executive direction and effective policy guidance for the overall program and liaison efforts with States, Tribes, coalfield citizens, Congress, and other Federal agencies. Administrative support and services for OSM will require \$6.6 million and basic bureau-wide fixed overhead costs in general services will cost \$12.9 million.

Program/Project Support of Bureau, Department, and Government-wide Costs (Section 405 Compliance)

As previously mentioned, the Executive Direction activity provides executive direction and leadership, and policy and program management guidance for all areas of responsibility for OSM. It includes the Director’s Office staff and all Staff Offices located in Washington, D. C. The Administration activity includes all the administrative functions necessary to support program activities. It includes four organization areas: Administration, Human Resources, Administrative Financial Management, and Information Technology. The General Services activity includes essential fixed costs to support OSM’s program missions such as rent, telecommunications, the DOI working capital fund, and service contracts. OSM does not compute separate overhead charges, deductions, reserves or holdbacks to fund these activities; rather, they are identified as a business line within the budget presentation. Further information



on specific elements of each activity can be found in the Executive Direction and Administration program justification.

Within the Executive Direction and Administration business line, OSM includes external administrative costs to include amounts paid to the Department to support Departmental or Government-wide costs. Itemized lists of the budget for activities included in the DOI Working Capital Fund that are centrally billed, fee for service and directly billed are included in the Budget Exhibits.

OSM also has support functions at the regional and field offices that ensure various activities are integrated so the mission is accomplished. The majority of these costs are comprised of the salary and benefits for field office directors, regional directors and their administrative staff. These costs are not identified under Executive Direction and Administration, rather they are included in the program funding requested. OSM provides allocations to its regions based on the overall program activities and does not identify separate funding for support functions. If the Subcommittee is interested in quantifying costs at a regional level, OSM can work with the Subcommittee to provide this information.

Activity Based Costing allows OSM to internally track indirect costs associated with various organizational units and program activities. This is important to determine the full cost of program activities for evaluation purposes. One way in which some indirect costs are associated with program activities is based on FTE consumption. This method is based on the assumption that labor hours correlate to the consumption of these costs using a ratio of FTE per each program activity to total OSM FTEs. Data using this method is made available to managers for program evaluation; however, OSM does not request funding at this level of detail.

Office of Surface Mining Reclamation and Enforcement

**Table 15– Justification of Program and Performance**  
 Executive Direction  
 Summary Increases/Decreases for FY 2007  
 (Dollars in Thousands)

| Program Activity          |        | Regulation & Technology |                  |                 | Abandoned Mine Lands |                  |                 | Total          |                  |                 | Inc/Dec<br>(+/-) |
|---------------------------|--------|-------------------------|------------------|-----------------|----------------------|------------------|-----------------|----------------|------------------|-----------------|------------------|
|                           |        | 2005<br>Actual          | 2006<br>Estimate | 2007<br>Request | 2005<br>Actual       | 2006<br>Estimate | 2007<br>Request | 2005<br>Actual | 2006<br>Estimate | 2007<br>Request |                  |
| Executive<br>Direction    | \$\$\$ | 2,454                   | 2,460            | 2,510           | 1,309                | 1,310            | 1,328           | 3,763          | 3,770            | 3,838           | +68              |
|                           | FTE    | 22                      | 23               | 23              | 6                    | 9                | 10              | 28             | 32               | 33              | +1               |
| Administrative<br>Support | \$\$\$ | 4,257                   | 4,260            | 4,345           | 2,210                | 2,223            | 2,274           | 6,467          | 6,483            | 6,619           | +136             |
|                           | FTE    | 38                      | 40               | 40              | 25                   | 25               | 25              | 63             | 65               | 65              | 0                |
| General Services          | \$\$\$ | 7,794                   | 8,155            | 8,546           | 3,902                | 4,100            | 4,316           | 11,696         | 12,255           | 12,862          | +607             |
|                           | FTE    | 0                       | 0                | 0               | 0                    | 0                | 0               | 0              | 0                | 0               | 0                |
| TOTAL                     | \$\$\$ | 14,505                  | 14,875           | 15,401          | 7,421                | 7,633            | 7,918           | 21,926         | 22,509           | 23,319          | +811             |
|                           | FTE    | 60                      | 63               | 63              | 31                   | 34               | 35              | 91             | 97               | 98              | +1               |

## **2007 PROGRAM PERFORMANCE ESTIMATES**

### **1. Executive Direction**

This activity provides executive direction and leadership, and policy and program management guidance for all areas of responsibility for OSM. The Executive Direction activity includes the salaries and operating expenses for the Office of the Director and four immediate staff offices, which include Equal Opportunity; Communications; Planning, Analysis and Budget; and Chief Information Officer.

#### *a. Office of the Director*

The Director is OSM's Chief Executive. The Director provides the leadership and direction of OSM activities within the limits delegated under SMCRA. The Director's primary objectives are to aggressively pursue the reclamation of abandoned mine lands (AML) and to prevent environmental problems in the coalfields by working through the State agencies. OSM makes every effort to obtain full public involvement in the design and development of agency policy. An extensive outreach approach stimulated a more cohesive partnership that has led to better understanding and cooperation among OSM's stakeholders.

In FY 2006 and 2007, OSM will continue outreach efforts which promote public participation in policy making. The arena for such participation includes public meetings on proposed rulemaking and conferences, which promote discussion and exchange of information on the current state of the coal industry and OSM's evolving role. OSM will continue to take positive steps to contact States, Tribes, citizens, and industry and encourage their participation.

In addition to guiding policy decisions, the Director provides direct supervision to the following staff offices: Office of Equal Opportunity, Office of Communication, Office of Planning, Analysis and Budget and the Office of the Chief Information Officer.

#### *b. Office for Equal Opportunity (EO)*

This Office is responsible for promoting equal employment opportunities for all OSM employees. The Office:

- Provides for the prompt, fair and impartial processing of complaints of discrimination;
- Provides technical assistance and advice to employees and managers on all EO issues;
- Communicates the bureau's equal employment opportunity policy and program and its employment needs to all sources of job candidates without regard to race, color, religion, sex, national origin, age or handicap;
- Ensures that a reasonable accommodation program is in place and is implemented in a fair and timely manner;
- Ensures that an alternative dispute resolution program is available for both the pre-complaint process and the formal complaint process;
- Ensures that a bureau-wide affirmative action and EEOC-MD-715-1 plan objectives are developed and implemented; and

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- Maintains a Civil Rights Compliance program for federally assisted and conducted programs.

In addition, the office is responsible for Special Emphasis programs. It is responsible for implementing initiatives in response to Executive Orders of the President, which provides for agencies to work more closely with Historically Black Colleges and Universities, Hispanic Colleges and Universities and Tribal Colleges and Universities in an effort to enhance recruitment and to stimulate curriculum related to the bureau's mission. As an example of outreach to minority higher education institutions, a team of OSM managers conducted a series of visits with HBCUs and HSIs in the Fall of 2005 to tell them about OSM, the applied science program and to learn more about their capabilities and programs. The visits were very productive, with many of the schools expressing interest in the applied science program and in opportunities for placement of students and involvement of OSM professionals in the instructional programs.

Also, the office assists the bureau in the implementation of the Department's and the bureau strategic plan to improve diversity in the workforce.

*c. Office of Communications (OC)*

This Office plans, coordinates, produces, and distributes the following under the direction of the Director:

- Publications,
- Audiovisuals,
- Fact sheets,
- Reports,
- Photos,
- Exhibits, and
- News releases.

These items contain information about OSM programs, policies, and Congressional activities, the public, the coal industry, citizen groups, and the media. OC responds to requests for information from the news media and the public. OC also maintains a Correspondence Tracking System to manage official correspondence. The Office provides direction for internal communications and functions as the principal point of contact for arranging media interviews and briefings with key officials.

*d. Office of Planning, Analysis and Budget (OPAB)*

This Office is responsible for nationwide planning and analysis, and budgetary functions for OSM, including the integration of organizational performance measures into the budget process. The major functions of the Office include:

- Develops and maintains OSM's strategic plan in coordination with Departmental and OSM management;

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- Performs trend analyses and modeling to identify changing national and regional needs; and analyzes policy proposals for new initiatives and modifications to existing programs; and
- Carries out the formulation, presentation, execution, and analysis of OSM's budget; providing policy, central coordination, uniform budget procedures and controls; and manages OSM's interface with OMB and Congressional committees on appropriations and other budget-related matters.

In addition, the Office coordinates management control and other program assessment reviews, in accordance with Executive Orders and Departmental initiatives; and monitors implementation of recommendations from evaluations and reports conducted internally and externally.

*e. Office of the Chief Information Officer (OCIO)*

In FY 2005, OSM established the Office of the Chief Information Officer to emphasize the importance of IT functions within the bureau. OCIO provides advice and assistance to the Deputy Director and other senior OSM officers to ensure that information technology is acquired and information resources are managed for the bureau in a manner that is consistent with the requirements of the Information Technology Management Reform Act of 1996, the Government Information Security Reform Act of 2000, and Chapter 35 of Title 44 USC and industry best practices.

This Office is responsible for OSM's information technology (IT) management. Major functions include:

- Provides advice and assistance to management and employees on IT policy, applicable laws, regulations, and directives;
- Establishes a management framework for and coordinates OSM's nationwide IT capital planning and investment control activities, including approval of IT expenditures within OSM; and
- Develops and implements IT strategic planning to ensure that all of OSM's electronic information systems are administered and developed in accordance with policies, long-range systems and strategic planning;

In addition, the Office manages other aspects of OSM's IT including enterprise architecture, security management, records management, inventory and asset management, telecommunications, project management, and IT career/skills management.

## **2. Administrative Support**

This program includes the administrative functions necessary to support the program activities of OSM. The specific functions are included in four organizational areas: Administration, Human Resources, Administrative Financial Management, and Information Technology.

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This function is responsible for managing OSM's financial and administrative activities. It has primary responsibility for implementing the requirements in four of the five Presidential Management Agenda scorecards including, improved financial management, competitive sourcing, management of human capital, and electronic government. In addition, it is responsible for reporting output costs as part of OSM's Activity Based Costing initiative. This is also a requirement under the budget and performance integration scorecard. This subactivity provides the policy and direction for information technology (IT) program planning, investment, and portfolio management, information technology security, and enterprise architecture.

### *a. Administration*

The Division of Administration is responsible for development of the Bureau-wide administrative policy and procedures. The Division also implements several of these support activities.

- acquisition,
- property management,
- vehicle fleet management,
- space management,
- emergency management,
- safety management,
- occupational health,
- physical security,
- printing, and publications, and
- FAIR Act (Competitive Sourcing)

The Division of Administration also provides administrative support to headquarters offices. These support activities include office moves, provision of general supplies, and services, property management, mailroom functions, and security and safety management. The Division also manages the bureau-wide fixed cost accounts in General Services.

In accordance with various Executive Orders, as well as Departmental policy, the Office of Surface Mining initiated development of its Environmental Management Program to ensure all necessary measures are taken to prevent, control and abate environmental pollution in all OSM facilities. OSM's policy will assure compliance with applicable Federal, State and local environmental requirements; promote sound environmental practices; monitor environmental compliance at all facilities; and identify and assign environmental compliance responsibility. OSM is currently conducting base-line audits in all of its facilities to track compliance efforts including abatement activities. The results of these audits will determine the next steps of the Environmental Management program in OSM.

The Division of Administration is responsible for providing guidance to ensure OSM meets its competitive sourcing goals. OSM developed and completed a competitive sourcing plan that identified the functions and activities to be studied throughout OSM. Studies were completed where appropriate. OSM does not plan to conduct any future competitive sourcing studies due to the small number of FTE identified as being commercial in nature and appropriate for study. The Division of Administration maintains a presence on the Departmental Center for

Competitive Sourcing Excellence working group as an active member to ensure OSM needs and requirements are met. Annually, the Division of Administration provides guidance in the completion of the FAIR Act Inventory to identify all functions throughout OSM and their designation as either inherently governmental or commercial in nature. OSM completed the FAIR Act Inventory in FY 2005.

*b. Human Resources (HR)*

The Division of Human Resources develops and implements policies, standards and systems for the effective use of people to accomplish the overall mission of OSM. Specifically, the human resources program gives managers advice and assistance; and provides processing and record keeping on recruitment, classification, and compensation benefits, employee performance, awards, financial disclosure holdings, disciplinary actions, and retirement. This office, through automated systems such as SMART (Quick Hire), Quick Classification, the Federal Personnel and Payroll System (FPPS), Employee Express, and TSP direct on-line access to personnel history files, brings human resources information and services directly to the manager, employee and applicant. The Division of Human Resources continues to implement human resources systems, such as QuickTime to help streamline and make every personnel process more effective.

Special ongoing initiatives this office is working on under the Departmental Human Resource Plan, are highlighted below:

- Recruitment: Human Resources, in conjunction and cooperation with OSM's Office of Equal Opportunity, continues to expand recruitment of the number of women, minorities, and persons with disabilities identified in under- represented occupations.
- Strategic Management of Human Capital: Management's workforce planning development identified skills and competencies needed for the OSM transition to technical transfer direction. The workforce plan outlines recruitment efforts that are focused on the anticipated retirement loss of human capital, putting employees closer to the customers, competitive sourcing impacts, and a general review of how we are organized and the proper use of both human and fiscal resources. To promote retention in positions where skill gaps have been identified, OSM utilizes several programs including, student loan repayments, relocation allowances, and retention allowances. In addition, OSM uses of honorary, non-monetary, and monetary awards to reward employees based on their contributions to the work of the organization.
- Work Force Planning: OSM developed a workforce plan that analyzes, identifies, and determines the human capital competencies required to achieve the performance improvements outlined in the Secretary's plan for a citizen centered workforce. The plan and the product will clarify the requirements of our mission-specific program areas and our needs for their support through information technology and finance. The plan establishes milestones and objectives for redirection and a total review of OSM's human capital. The plan provides us with data necessary to evaluate where and what competencies are needed and the related costs of gaining these competencies to support mission accomplishment. OSM developed a plan to request VSIP/VERA authorities,

which was approved by OPM and implemented in FY 2005 to support the workforce plan.

- Automated On-line Recruitment: This system provides a larger more diverse applicant pool that can be screened and provided to management more efficiently.
- Five-level non-SES performance appraisal system: OSM is implementing the five (5)-level performance system for all employees. This system allows for distinctions in the levels of performance. The performance plans are written to align with and support organizational goals and are results-focused.

*c. Administrative Financial Management*

The Financial Management activity funded in this business line provides OSM's program offices with accounting and financial services for operational funds to implement SMCRA. OSM also bills, collects and accounts for funds derived from program activities reflected in other business lines. These services include paying bills, accounting for receipts and expenditures, issuing financial and management reports, assuring that expenditures are within the allocations, collecting administrative debts, and maintaining the computer systems that support these functions.

Financial Management Accomplishments

Accomplishments in this area include 15 consecutive years of unqualified audit opinions, ending in FY 2005, which is, by far, the best record in the Department of the Interior. The 2005 audit was accomplished under shortened Departmental and Government-wide financial statement reporting deadlines; reflected five years of clean opinions on internal controls and FFMIA compliance; and reflected OSM's desire to be a leader in the Departmental efforts in cost accounting. OSM's web-based management information system continues to allow for wide access and automated administrative reports which allow us time to complete the increasing workload required by departmental initiatives and cost accounting improvements. This reporting capability also increased efficiency of financial processing by improving the travel and purchase card processes resulting in payment of invoices the day following receipt and vendors were paid on time 99.5 percent of the time during FY 2005. OSM also maintained electronic transfer payments for 99.9 percent of the total dollar amounts paid.

OSM is one of three bureaus that began implementing the Department-wide Financial and Business Management System (FBMS) in FY 2005. The grants module was implemented in April 2005. The core financial system is scheduled to be implemented in FY 2007. The FBMS system is a major enterprise management initiative that will integrate financial management, acquisition, property management, grants administration and other subsidiary systems. It will revamp administrative processes throughout the Department of the Interior.

As a result of the conversions from the current administrative accounting systems to FBMS, OSM's legacy systems will be replaced in FY 2007: IDEAS, PALS, E-Budget, ABACIS, GIFTS, Travel and Trip Manager, CONDORS, MAPS and MORS.



A major percentage of the Administrative Financial Management resources have been and will continue to be devoted to the successful conversion to the FBMS system while maintaining the high quality and timeliness of on-going administrative financial business.

OMB's recent revision to Circular A-123 imposes significant new requirements on the documentation, assessment, and testing of internal controls over financial reporting of existing legacy systems. The FY 2007 budget continues to fund resources to implement the A-123 program. FBMS implementation will also require that all OSM financial processes be re-documented and re-tested because these processes will be drastically changed.

*d. Information Technology (IT)*

OSM is heavily automated and dependent upon information technology to provide efficient and accurate Management Information to assist program managers in accomplishing the agency's mission. Under the direction of the OCIO, OSM established an Information Technology Management Team (ITMT) to provide agency-wide technical support to OSM management and staff in the design, development, procurement and operation of computerized information systems. In addition, the OCIO is responsible for the telecommunications infrastructure that interconnects all OSM offices and several State and Tribal offices via a high-speed, wide area network (OSMNET). OSM has migrated to the DOI Enterprise Services Network (ESN) a secure network for more efficient performance, providing higher capacity connections in support of agency information systems, and in support of the increasing use of the Internet to accomplish OSM's mission.

Also in support of the Departmental information technology architecture, OCIO entered into an agreement to complete the initial phase of an OSM-wide business level blueprint and continues to work with the DOI and OSM Regional IT management teams in implementing the use of a Windows network environment for developing a seamless nationwide resource network.

In support of the DOI enterprise approach to IT, OSM has implemented the use of DOI Microsoft software blanket purchase agreement which has substantially reduced the costs of Microsoft products. In addition, OSM initiated Active Directory, the DOI standard directory system environment for Microsoft. Active Directory played a vital role in the OSM network migration, and provides the mechanism for centrally managing software deployment and network maintenance. The Active Directory initiative continues to assist OCIO to reduce costs, improve IT security, reduce administrative overhead and to improve system-wide configurations.

OCIO is also responsible for the administration of the agency's Information Technology (IT) Security Plan which ensures the safety of OSM's IT information and computer technology hardware and software resources. Employee compliance is monitored with OSM's information technology security training program. The annually mandated training program raises the level of IT security awareness among all OSM employees, and enhances OSM ability to monitor and verify compliance with the DOI IT Security Plan. OCIO also manages OSM's virus filtering and traffic monitoring systems. These systems significantly enhance efforts to manage security for both new and existing systems by ensuring timely installation of software patches and fixes while strengthening incident handling responses.

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Recent achievements in IT security at OSM are the completion of Certification and Accreditation (C&A) on 100% of our Headquarters and Regional enclaves and our six major IT investments as well.

OCIO is one of OSM's representatives for the following management programs and initiatives: E-Government, Enterprise Architecture, and the Government Paperwork Elimination Act. OCIO will continue to operate and maintain Intranet connectivity, develop IT strategic planning, implement IT policy, and coordinate compilation of the IT budget. OCIO will continue to implement transition to the ESN while redesigning the OSM Intranet to meet changing requirements, incorporate e-Government needs, and ensure Section 508 accessibility.

The Office of Surface Mining developed its initial Capital Planning and Investment Control (CPIC) guide in FY 2003 and all exhibit 300s were prepared according to the process outlined in our CPIC guide. OSM has continued to place emphasis on the requirement to capture 100 percent of its information technology (IT) spending on the Exhibit 53 and has seen vast improvement in this area. This is demonstrated in OSM attaining the ITIM Level-2 of investment maturity through deployment of our CPIC portfolio management practices.

In addition, OSM will complete its implementation of the initial hardware and software installations supporting the HSPD-12 mandate. These capabilities will be further extended into the OSM information technology architecture throughout FY 2007.

**3. General Services**

This is a funding activity, which includes essential fixed costs to support OSM's program missions. No personnel or operational activities are funded by this component. The costs below are estimates based on FY 2005 actual obligations in those areas.

| <i>Line Items</i>  | <i>FY 2006</i> | <i>FY 2007</i> | <i>Change</i> |
|--------------------|----------------|----------------|---------------|
| Rent               | 5,831,200      | 6,207,200      | +376,000      |
| Telecommunications | 505,000        | 505,000        | 0             |
| Postage            | 120,000        | 95,000         | -25,000       |

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|                                     |                   |                   |                 |
|-------------------------------------|-------------------|-------------------|-----------------|
| Gasoline/Alternative Fuel Vehicles* | 225,000           | 0                 | -225,000        |
| DOI Working Capital Fund            | 2,738,500         | 3,420,100         | +681,600        |
| DOI Program Requirements            | 110,000           | 78,885            | -31,115         |
| Unemployment Compensation           | 28,480            | 15,480            | -13,000         |
| Worker's Compensation               | 345,224           | 328,224           | -17,000         |
| Bureau-wide Printing/Supplies       | 350,000           | 350,000           | 0               |
| Service Contracts                   | 385,000           | 385,000           | 0               |
| GSA Work Authorizations             | 35,000            | 35,000            | 0               |
| Operational Support Contracts       | 342,000           | 342,000           | 0               |
| Enterprise Information Technology   | 1,239,596         | 1,100,111         | -139,485        |
| <i>Total</i>                        | <i>12,255,000</i> | <i>12,862,000</i> | <i>+607,000</i> |

\*Fuel charges are being decentralized to the field units where fuel is purchased instead of the general services account.

**DOI Working Capital Fund**

**Enterprise Information Technology and Centralized Services** -- The 2007 budget includes programmatic increases for projects and programs that are funded through the Working Capital Fund to support enterprise approaches that result in improved effectiveness and efficiency. These include a Department-wide increase of \$2.1 million for the enterprise messaging system. This project will consolidate operations from independently operated bureau and office programs and result in the elimination of hundreds of servers and three messaging applications streamlining operations and improving security. The budget request proposes \$500,000 to initiate a contracted effort to eliminate, over three years, the Department's backlog of nearly 2,000 appeals to Freedom of Information Act requests. The Department does not have the ability to be responsive to these requests for information and, if not addressed, these actions could result in additional costs to the Department. The Department is standardizing the applications used for geospatial information with the creation of an enterprise system that will improve the effective use of geographic information. Department-wide, the budget request includes an increase of \$596,000 over the 2006 budget of \$319,600. The 2007 budget continues funding for the Enterprise Services Network that became operational in 2005, providing access to the Internet, a Department-wide intranet, and technical support center. The 2007 budget includes \$22.3 million for ESN, an increase of \$4.1 million, Department-wide. The 2007 budget for the Office of Surface Mining includes a program increase of \$101,000 in support of Department-wide enterprise information technology and centralized services.

Increases for the DOI Working Capital Fund also include \$386,200 for fixed cost increases and \$197,200 for messaging which is included within the FY 2007 base budget. Therefore, the total increase is \$681,600.

## **2006 PLANNED PROGRAM PERFORMANCE**

- Capital Planning Investment Control (CPIC) – Continue IT management improvement with emphasis upon earned value management (EVM), independent verification and validation (IV&V) of investment planning, and implementation of bureau-wide program management office (PMO) coordination.
- OCIO, working in collaboration with OSM Regions, will migrate many of the information technology infrastructure services to an enterprise delivery model. This strategy consolidates operations into common teams located throughout the agency. OCIO, working with the Department’s Chief Architect, will finalize the development of an agency-wide Enterprise Architecture Blueprint and then leverage this blueprint in guiding future agency automation initiatives. OCIO will complete the implementation of the initial hardware and software installations supporting the HSPD-12 mandate. These capabilities will be further extended into the OSM information technology architecture throughout FY 2007. The final initiative continues the implementation and extension of program/project management and CPIC best practices across OSM’s information technology investments.
- Business Gateway – OSM will serve as managing partner at DOI for initiating the business-gateway concepts across federal and State agencies that enables single entry of citizen or business information for use of our mission related services.
- Outreach to Minority Higher Education Institutions. OSM is undertaking an initiative which focuses on activities with minority institutions of higher education, specifically, Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSIs). As a first step in building new relationships with these institutions, a team of OSM managers conducted a series of visits with HBCUs and HSIs in the Fall of 2005 to tell them about OSM, the applied science program and to learn more about their capabilities and programs. Contacts will continue in the future to further our efforts to encourage interest in scientific skills and coal mining and reclamation issues.
- Financial Management – Participate in plans for conversion to the Financial and Business Management System in FY 2006 and implementation in FY 2007.
- Budget and Performance Integration – Conduct quarterly reviews of budget and performance as data becomes available.

## **2005 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2005, the major accomplishments in the Executive Direction program activity include:

- Information Technology – OCIO addressed major information management concerns, initiated key information management process improvements, and addressed Departmental initiatives relating to the infrastructure. OCIO completed migration of the OSM wide area network to the DOI Enterprise Services Network (ESN) to achieve security and capacity performance improvements.
- Financial Management – Received its 15th consecutive unqualified audit opinion on its FY 2005 financial statements.
- Budget/Performance – Integrated budget and performance measures continue to be reported in the budget justification.
- Human Resources – Updated its Workforce Plans which outline human resource strategies for the period 2005 through 2009.
- Capital Planning and Investment Capital (CPIC) – Five OSM Information Technology project managers achieved Project Management Professional certification during 2005. All major projects/investments are operating within 10 percent of cost, schedule, and performance goals. OSM achieved ITIM Level-2 investment maturity during FY 2005.

### **EXECUTIVE DIRECTION PERFORMANCE OVERVIEW**

The business line provides administrative support to the other four business lines. Executive Direction program performance is an integral part of the Environmental Restoration, Environmental Protection, Technology Development and Transfer, and Financial Management business lines. Please see performance information at the end of each of these business line chapters.

**BUDGET**

**EXHIBITS**

*Office of Surface Mining Reclamation and Enforcement*

**Budget Exhibit 1**

**DEPARTMENT OF THE INTERIOR  
Office of Surface Mining Reclamation and Enforcement  
Employee Count by Grade**

|   | FY 2005<br>Actual | FY 2006<br>Estimate | FY 2007<br>Estimate |
|---|-------------------|---------------------|---------------------|
| Executive Level I.....  | 0                 | 0                   | 0                   |
| Executive Level II.....   | 0                 | 0                   | 0                   |
| Executive Level III.....  | 0                 | 0                   | 0                   |
| Executive Level IV.....   | 0                 | 0                   | 0                   |
| Executive Level V.....  | 1                 | 1                   | 1                   |
| subtotal.....   | <u>1</u>          | <u>1</u>            | <u>1</u>            |
| SES.....  | <u>6</u>          | <u>6</u>            | <u>6</u>            |
| CA-3 *.....   | 0                 | 0                   | 0                   |
| AL-2-3 **.....  | 0                 | 0                   | 0                   |
| SL-0 ***.....   | 0                 | 0                   | 0                   |
| subtotal.....   | <u>0</u>          | <u>0</u>            | <u>0</u>            |
| GS/GM-15.....   | 32                | 32                  | 32                  |
| GS/GM-14.....   | 55                | 55                  | 55                  |
| GS/GM-13.....   | 149               | 151                 | 151                 |
| GS-12.....  | 184               | 189                 | 190                 |
| GS-11.....  | 24                | 28                  | 29                  |
| GS-10.....  | 0                 | 0                   | 0                   |
| GS-9.....   | 22                | 23                  | 23                  |
| GS-8.....   | 7                 | 13                  | 13                  |
| GS-7.....   | 32                | 33                  | 33                  |
| GS-6.....   | 17                | 19                  | 19                  |
| GS-5.....   | 6                 | 8                   | 8                   |
| GS-4.....   | 5                 | 5                   | 6                   |
| GS-3.....   | 2                 | 2                   | 2                   |
| GS-2.....   | 0                 | 0                   | 0                   |
| subtotal.....   | <u>535</u>        | <u>558</u>          | <u>561</u>          |
| Other Pay Schedule Systems.....                                   | 0                 | 0                   | 0                   |
| Total employment (actual/projected)<br>at end of fiscal year..... | <u>542</u>        | <u>565</u>          | <u>568</u>          |

\* CA - DOI Board Member

\*\* AL - Administrative Law Judge

\*\*\* SL - Senior-Level/Scientific Professionals

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**Budget Exhibit 2**  
**Department of the Interior**  
**Office of Surface Mining Reclamation and Enforcement**  
**Regulation and Technology**  
**Program and Financing**  
(dollars in millions)

| 14-1801-0-1-302  | 2005<br>Actual | 2006<br>Estimate | 2007<br>Estimate |
|--|----------------|------------------|------------------|
| <b><u>Obligations by program activity:</u></b>   |                |                  |                  |
| 00.02 Environmental Protection   | 80             | 78               | 80               |
| 00.03 Technology Development & Transfer  | 13             | 15               | 15               |
| 00.04 Financial Management   | 1              | 1                | 1                |
| 00.05 Executive Direction & Administration   | 14             | 15               | 15               |
| 09.01 Reimbursable Program   | 1              | 1                | 1                |
| 10.00 Total Obligations  | 109            | 110              | 112              |
| <b><u>Budgetary resources available for obligation</u></b>                             |                |                  |                  |
| 21.40 Unobligated balance available, start of year:<br>Uninvested balance              | 1              | 1                | 1                |
| 22.00 New budget authority (gross)   | 109            | 110              | 112              |
| 23.90 Total budgetary resources available for<br>obligation                            | 110            | 111              | 113              |
| 23.95 New obligations  | -109           | -110             | -112             |
| 23.98 New obligations  |                |                  |                  |
| 24.40 Unobligated balance available, end of year:<br>Uninvested balance                | 1              | 1                | 1                |
| <b><u>New budget authority (gross), detail</u></b>                                     |                |                  |                  |
| Current:   |                |                  |                  |
| 40.00 Appropriation (general fund)   | 110            | 111              | 112              |
| 40.33 Appropriation permanently reduced (HR 2863)                                      |                | -1               |                  |
| 40.35 Appropriation permanently reduced  | -2             | -1               |                  |
| 4300 Appropriation (total discretionary)   | 108            | 109              | 112              |
| Permanent:   |                |                  |                  |
| 68.00 Spending authority from offsetting collections:<br>Offsetting collections (cash) | 1              | 1                |                  |
| 70.00 total new budget authority (gross)   | 109            | 110              | 112              |



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| 14-1801-0-1-302  | 2005<br>Actual | 2006<br>Estimate | 2007<br>Estimate |
|--|----------------|------------------|------------------|
| <b><u>Change in unpaid obligations</u></b>                                   |                |                  |                  |
| 72.40 Unpaid obligations; start of year: obligated balance, start of year    | 37             | 38               | 38               |
| 73.10 Total new obligations  | 109            | 110              | 112              |
| 73.20 Total outlays (gross)  | -107           | -110             | -111             |
| 73.40 Adjustments in expired accounts (net)                                  | -3             |                  |                  |
| 74.10 Change in uncollected customer payments from Federal sources (expired) | 3              |                  |                  |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year        | 38             | 38               | 39               |
| <b><u>Outlays (gross), detail</u></b>  |                |                  |                  |
| 86.90 Outlays from new discretionary authority                               | 73             | 75               | 76               |
| 86.93 Outlays from discretionary balances                                    | 34             | 35               | 35               |
| 87.00 Total outlays (gross)  | 107            | 110              | 111              |
| <b><u>Offsets</u></b>  |                |                  |                  |
| Against gross budget authority and outlays:                                  |                |                  |                  |
| 88.00 Offsetting collections (cash) from: Federal sources                    | 1              | 1                |                  |
| <b><u>Net budget authority and outlays</u></b>                               |                |                  |                  |
| 89.00 Budget authority   | 108            | 109              | 112              |
| 90.00 Outlays  | 104            | 109              | 111              |
| 95.02 Unpaid obligation, end of year   | 39             |                  |                  |

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**Budget Exhibit 3**

**Office of Surface Mining Reclamation and Enforcement  
Abandoned Mine Reclamation Fund  
Program and Financing  
(dollars in millions)**

| 14-5015-0-1-302  | 2005<br>Actual | 2006<br>Estimate | 2007<br>Estimate |
|--|----------------|------------------|------------------|
| <b><u>Obligations by program activity:</u></b>             |                |                  |                  |
| 00.01 Environmental Restoration                            | 209            | 191              | 193              |
| 00.02 Technology Development & Transfer                    | 5              | 4                | 4                |
| 00.03 Financial Management                                 | 6              | 6                | 6                |
| 00.04 Executive Direction & Administration                 | 8              | 8                | 8                |
| 00.06 Transfer to UMWA/Combined Benefits                   | 67             | 57               | 51               |
| 10.00 Total Obligations                                    | 295            | 266              | 262              |
| <b><u>Budgetary resources available for obligation</u></b> |                |                  |                  |
| 21.40 Unobligated balance available, start of year:        | 30             | 32               | 275              |
| 22.00 New budget authority (gross)                         | 255            | 242              | 237              |
| 22.10 Resources available from recoveries                  | 42             | 19               | 19               |
| 23.90 Total budgetary resources available for obligation   | 327            | 293              | 283              |
| 23.95 Total new obligations                                | -295           | -266             | -262             |
| 24.40 Unobligated balance available, end of year           | 32             | 27               | 21               |
| <b><u>New budget authority (gross), detail</u></b>         |                |                  |                  |
| Discretionary:   |                |                  |                  |
| 40.20 Appropriation (special fund, definite)               | 191            | 188              | 186              |
| 40.34 Appropriation temporarily reduced (HR 2863)          |                | -2               |                  |
| 40.37 Appropriation temporarily reduced                    | -3             | -1               |                  |
| 40.20 Appropriation (total discretionary)                  | 188            | 185              | 186              |
| Mandatory:   |                |                  |                  |
| 60.20 Appropriation (special fund)                         | 67             | 57               | 51               |
| 70.00 Total new budget authority (gross)                   | 255            | 242              | 237              |

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| 14-5015-0-1-302                                   | 2005<br>Actual | 2006<br>Estimate | 2007<br>Estimate |
|---|----------------|------------------|------------------|
| <b><u>Change in unpaid obligations</u></b>        |                |                  |                  |
| Unpaid obligations, start of year:                |                |                  |                  |
| 72.40 Obligated balance, start of year            | 325            | 300              | 299              |
| 73.10 Total new obligations                       | 295            | 266              | 262              |
| 73.20 Total outlays (gross)                       | -278           | -248             | -240             |
| 73.45 Recoveries of prior year obligations        | -42            | -19              | -19              |
| Unpaid obligations, end of year:                  |                |                  |                  |
| 74.40 Obligated balance end of year               | 300            | 299              | 302              |
| <b><u>Outlays (gross), detail</u></b>             |                |                  |                  |
| 86.90 Outlays from new discretionary authority    | 52             | 51               | 52               |
| 86.93 Outlays from discretionary balances         | 159            | 140              | 137              |
| 86.97 Outlays from new permanent authority        | 67             | 57               | 51               |
| 87.00 Total outlays                               | 278            | 248              | 240              |
| <b><u>Net budget authority and outlays</u></b>    |                |                  |                  |
| 89.00 Budget authority                            | 255            | 242              | 237              |
| 90.00 Outlays                                     | 278            | 248              | 240              |
| 92.01 Total investments, start of year: par value | 2,045          | 2,135            | 2,275            |
| 92.02 Total investments, end of year: par value   | 1,135          | 2,275            | 2,444            |

Office of Surface Mining Reclamation and Enforcement

**Budget Exhibit 4**

**Office of Surface Mining Reclamation and Enforcement  
Regulation and Technology  
Program and Financing  
(dollars in millions)**

| Object Class                                     | FY 2006 Estimate |        | Fixed Costs and Related Changes |        | Program Changes |        | FY 2007 Request |        |
|--|------------------|--------|---------------------------------|--------|-----------------|--------|-----------------|--------|
|  | FTE              | Amount | FTE                             | Amount | FTE             | Amount | FTE             | Amount |
| <b>11 Personnel Compensation</b>                 |                  |        |                                 |        |                 |        |                 |        |
| 11.1 Full-time Permanent                         | 367              | 29     | 2                               |        |                 |        | 369             | 31     |
| 11.X All other salaries                          |                  |        |                                 |        |                 |        |                 |        |
| Total Personnel Compensation                     | 367              | 29     | 2                               | 0      | 0               | 0      | 369             | 31     |
| <b><u>Other Object Classes</u></b>               |                  |        |                                 |        |                 |        |                 |        |
| 12.1 Personnel Benefits                          |                  | 6      |                                 |        |                 |        |                 | 6      |
| 21.0 Travel and transportation of persons        |                  | 2      |                                 |        |                 |        |                 | 2      |
| 23.1 Rental Payments to GSA                      |                  | 3      |                                 |        |                 |        |                 | 3      |
| 23.2 Rental Payments to Others                   |                  | 1      |                                 |        |                 |        |                 | 1      |
| 25.2 Other Services                              |                  | 6      |                                 |        |                 |        |                 | 6      |
| 26.0 Supplies and materials                      |                  | 2      |                                 |        |                 |        |                 | 2      |
| 31.0 Equipment                                   |                  | 1      |                                 |        |                 |        |                 | 1      |
| 41.0 Grants, subsidies and contributions         |                  | 58     |                                 |        |                 |        |                 | 59     |
| 99.0 Subtotal obligations Direct obligations     |                  | 108    |                                 |        |                 |        |                 | 111    |
| <b><u>Reimbursable obligations</u></b>           |                  |        |                                 |        |                 |        |                 |        |
| 11.1 Personnel compensation: Full-time permanent |                  | 1      |                                 |        |                 |        |                 |        |
| 99.0 Subtotal, obligations, Reimbursable         |                  | 1      |                                 |        |                 |        |                 |        |
| 99.5 Below reporting threshold                   |                  | 1      |                                 |        |                 |        |                 | 1      |
| <b>99.9 Total requirements</b>                   | 367              | 110    | 2                               | 0      | 0               | 0      | 369             | 112    |

Office of Surface Mining Reclamation and Enforcement

**Budget Exhibit 5**  
**Summary of Requirements by Object Class**  
**Abandoned Mine Reclamation Fund**  
(dollars in millions)

| Object Class                             | FY 2006 Estimate |            | Fixed Costs and Related Changes |          | Program Changes |          | FY 2007 Request |            |
|--|------------------|------------|---------------------------------|----------|-----------------|----------|-----------------|------------|
|  | FTE              | Amount     | FTE                             | Amount   | FTE             | Amount   | FTE             | Amount     |
| 11 Personnel Compensation                |                  |            |                                 |          |                 |          |                 |            |
| 11.1 Full-Time Permanent                 | 198              | 16         | 1                               |          |                 |          | 199             | 16         |
| Total Personnel Compensation             | 198              | 16         | 1                               |          |                 |          | 199             | 16         |
| <u>Other Objects</u>                     |                  |            |                                 |          |                 |          |                 |            |
| 12.1 Personnel Benefits                  |                  | 3          |                                 |          |                 |          |                 | 3          |
| 21.0 Travel and trans of persons         |                  | 1          |                                 |          |                 |          |                 | 1          |
| 23.1 Rental Payments to GSA              |                  | 2          |                                 |          |                 |          |                 | 2          |
| 23.3 Communications, utilities and misc. |                  | 1          |                                 |          |                 |          |                 | 1          |
| 25.2 Other Services                      |                  | 56         |                                 |          |                 |          |                 | 56         |
| 31.0 Equipment                           |                  | 1          |                                 |          |                 |          |                 | 1          |
| 41.0 Grants, subsidies and Contributions |                  | 183        |                                 |          |                 |          |                 | 179        |
| 99.9 Below reporting threshold           |                  | 3          |                                 |          |                 |          |                 | 3          |
| <b>Total Requirements</b>                | <b>198</b>       | <b>266</b> | <b>1</b>                        | <b>0</b> | <b>0</b>        | <b>0</b> | <b>199</b>      | <b>262</b> |

Office of Surface Mining Reclamation and Enforcement

**Budget Exhibit 6**

**Department of the Interior**  
**Office of Surface Mining Reclamation and Enforcement**  
**Regulation and Technology**  
 Object Classification  
 (dollars in millions)

| 14-1801-0-1-302                                  | FY 2005<br>Actual | FY 2006<br>Estimate | FY 2007<br>Estimate |
|--|-------------------|---------------------|---------------------|
| <b>Direct Obligations:</b>                       |                   |                     |                     |
| Personnel Compensation:                          |                   |                     |                     |
| 1111 Full-time permanent                         | 29                | 29                  | 31                  |
| 1113 Positions other than full-time permanent    | *                 | *                   | *                   |
| 1115 Other Personnel Compensation                | *                 | *                   | *                   |
| 1119 Total Personnel Compensation                | 29                | 29                  | 31                  |
| 1121 Personnel Benefits                          | 6                 | 6                   | 6                   |
| 1130 Benefits for former Personnel               | *                 | *                   | *                   |
| 1210 Travel and Transportation of Persons        | 2                 | 2                   | 2                   |
| 1220 Transportation of Things                    | *                 | *                   | *                   |
| 1231 Rental Payments to GSA                      | 3                 | 3                   | 3                   |
| 1232 Rental Payments to Others                   | 1                 | 1                   | 1                   |
| 1233 Communications, Utilities and Misc. Charges | *                 | *                   | *                   |
| 1240 Printing and Reproduction                   | *                 | *                   | *                   |
| 1251 Advisory and assistance services            | *                 | *                   | *                   |
| 1252 Other Services                              | 6                 | 6                   | 6                   |
| 1257 Operation and maintenance of equipment      | *                 | *                   | *                   |
| 1260 Supplies and Materials                      | 2                 | 2                   | 2                   |
| 1310 Equipment                                   | 1                 | 1                   | 1                   |
| 1410 Grants, Subsidies and Contributions         | 57                | 58                  | 59                  |
| 1420 Insurance Claims                            | *                 | *                   | *                   |
| 1430 Interest and Dividends                      | *                 | *                   | *                   |
| <i>9900 Subtotal, Direct Obligations</i>         | <i>107</i>        | <i>108</i>          | <i>111</i>          |
| <b>Reimbursable Obligations:</b>                 |                   |                     |                     |
| 2111 Full-time permanent (Reimbursable)          | 1                 | 1                   |                     |
| 2252 Other Services                              | *                 | *                   | *                   |
| 9995 Below reporting threshold                   | 1                 | 1                   | 1                   |
| <b>9999 Total Obligations</b>                    | <b>109</b>        | <b>110</b>          | <b>112</b>          |

*Office of Surface Mining Reclamation and Enforcement*

**Budget Exhibit 7**

**Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
Abandoned Mine Reclamation Fund  
Object Classification  
(dollars in millions)**

| 14-5015-0-1-302                                  | FY 2005<br>Actual | FY 2006<br>Estimate | FY2007<br>Estimate |
|--|-------------------|---------------------|--------------------|
| <b>Direct Obligations:</b>                       |                   |                     |                    |
| <u>Personnel Compensation:</u>                   |                   |                     |                    |
| 1111 Full-time permanent                         | 16                | 16                  | 16                 |
| 1113 Positions other than full-time permanent    | *                 | *                   | *                  |
| 1115 Other Personnel Compensation                | *                 | *                   | *                  |
| 1119 Total Personnel Compensation                | 16                | 16                  | 16                 |
| 1121 Personnel Benefits                          | 3                 | 3                   | 3                  |
| 1210 Travel and Transportation of Persons        | 1                 | 1                   | 1                  |
| 1231 Rental Payments to GSA                      | 2                 | 2                   | 2                  |
| 1232 Rental Payments to Others                   | *                 | *                   | *                  |
| 1233 Communications, Utilities and Misc. Charges | 1                 | 1                   | 1                  |
| 1252 Other Services                              | 82                | 56                  | 56                 |
| 1260 Supplies and Materials                      | *                 | *                   | *                  |
| 1310 Equipment                                   | 1                 | 1                   | 1                  |
| 1410 Grants, Subsidies and Contributions         | 186               | 183                 | 179                |
| 9995 Below reporting threshold                   | 3                 | 3                   | 3                  |
| <b>9999 Total Obligations</b>                    | <b>295</b>        | <b>266</b>          | <b>262</b>         |

## **Budget Exhibit 9**

### **Research and Development**

The Department is using the Administration's Research and Development (R&D) investment criteria to assess the value of its R&D programs. The criteria were developed in response to limited financial resources and the multitude of R&D opportunities that exist government wide. The criteria are used to rigorously justify new programs and to reevaluate existing programs for modification, redirection, or termination, in keeping with national priorities and needs. The investment criteria evaluate the relevance, quality, and performance for all R&D programs.

To assure the best value of its limited R&D resources, the Department has created an R&D Council to assist in the planning, coordinating, and assessing of agency R&D activities. When necessary, the R&D Council will recommend the redirection of resources or a change in the scope of activities if it believes it is warranted. Council membership includes one program and one budget representative from each bureau, as well as representatives from the Department. The current Acting Assistant Secretary for Water and Science heads the Council. As part of the 2007 budget process, the bureaus were asked to identify their research and development activities and present their budget requests for such activities to the Council, and to explain their use of the investment criteria when making budgetary recommendations.

OSM has participated on the DOI R&D Council since its formation in January 2005. The Chief, Division of Regulatory Support, represents OSM on the Council. OSM has no line item for a Research and Development program in its FY 2007 budget submission. OSM does conduct a number of technical activities that are described and budgeted for under its Technology Development and Transfer Business Line and is applying the R&D investment criteria in its review of these projects. Among these activities are the Acid Drainage Technology Initiative (ADTI), applied science initiatives (including mine mapping), and Technical Innovation and Professional Services (TIPS) activities. In FY 2006, OSM requested approximately \$1.5 million to support the technical components of these initiatives. The FY 2007 budget request contains the same funding level.

In addition to the above activities, the Consolidated Appropriations Act of 2005 (P.L. 108-447), which became law on December 8, 2004, directed OSM to contract with the National Research Council to carry out a 24-month study of coal research, technology, and policy matters. The goal is to facilitate development of a roadmap for future needs and improve integration and coordination of existing research activities. The study will help define and construct a national strategy for coal research and development activities and resource assessments. The recommendations from this study may affect OSM's future involvement in research and development activities. The study was initiated during the first half of calendar year 2005 and it is scheduled for completion by the middle of calendar year 2007.



*Office of Surface Mining Reclamation and Enforcement*

**OSM Science Funding (FY 2005 – FY 2007)**

**(dollars in thousands)**

|   | <b>FY 2005<br/>Enacted</b> | <b>FY 2006<br/>Enacted</b> | <b>FY 2007<br/>Budget<br/>Request</b> |
|---|----------------------------|----------------------------|---------------------------------------|
| <b>Technology Development and Transfer<br/>Technical Assistance Subactivity</b>     |                            |                            |                                       |
| Various Science Projects as described in<br>narrative                               | 492                        | 1,470                      | 1,470                                 |
|   |                            |                            |                                       |
| <b>Environmental Protection<br/>Program Development and Maintenance Subactivity</b> |                            |                            |                                       |
| Coal Study  | 0                          | 986                        | 0                                     |
|   |                            |                            |                                       |

## Authorizations

30 U.S.C. 1231, 1232, 1233 and 1239 – Provides for the payment of fees and other monies into the Abandoned Mine Reclamation fund (Fund). The Fund consists of amounts deposited from time to time, derived from reclamation fees, donations, audit recoveries, interest charges, and administrative collection fees.

The funds collected are used for the reclamation and restoration of land and water resources adversely affected by past mining. SMCRA provides for the use of the monies for the purpose of protecting public health and facilities, safety, general welfare, and property from extreme danger and adverse effects of coal mining practices; restoration of land and water resources and the environment previously degraded by adverse effects of coal mining operations. It also provides that monies in the Abandoned Mine Reclamation Fund will be used to cover the administrative expenses of the Federal Government, accomplish abandoned mine reclamation and develop guidelines on the distribution of monies in the Fund.

30 U.S.C. 1257, as amended by Public Laws 101-508 and 102-486 - Provide for the regulatory authority to designate a qualified laboratory to obtain technical information and prepare technical findings required by the operator for the permit application, and for the regulatory authority to assume the cost for such services. Further, the Act provides for the Secretary to provide or assume the cost of training for regulatory program compliance and permit application preparation for eligible small operators.

30 U.S.C. 1252, 1253, 1254, 1271, 1272, 1273, 1295, 1300, 1302 – These sections provide for aid to all primacy States for maintaining approved regulatory programs and evaluation of the States' performance in doing so; monitoring implementation of the grant programs; small operator assistance programs; and for regulatory programs in States without approved programs, on Federal lands and on Indian lands; processing of permit applications and mine plans for Federal lands operations; designating of lands unsuitable for surface mining through technical reviews; scientific/engineering support and technical training for States operating approved permanent programs and federally administered programs; initiation of technical studies; issuance of technical publications; approval of experimental practices to meet the needs of approved State programs and federally-administered programs; preparation of environmental assessments and impact statements for permits and other actions; and training of OSM staff and State staff to enable these agencies to more effectively carry out the provisions of the act.

30 U.S.C. 1260, 1268 – These sections provide for the assessment and collection of penalties levied for violations of the Act, and for the denial of permits to those with unabated violations or unpaid penalties.

Office of Surface Mining Reclamation and Enforcement

| <b>AML Reclamation Accomplishments</b>   |              |                        |                   |                                      |                                    |
|--|--------------|------------------------|-------------------|--------------------------------------|------------------------------------|
| <b>Historical Data Through September 30, 2005</b>  |              |                        |                   |                                      |                                    |
| <b>Priority 1, 2, and 3 Problems</b>   |              |                        |                   |                                      |                                    |
| <i>Problem Type</i>  | <i>Units</i> | <i>Number of Units</i> | <i>GPRA Acres</i> | <i>Cost of Completed Reclamation</i> | <i>Remaining Reclamation Costs</i> |
| Bench  | Acres        | 670                    | 670               | 3,032,215                            | 12,436,122                         |
| Clogged Streams  | Miles        | 388                    | 1,902             | 42,042,708                           | 53,637,644                         |
| Clogged Stream Lands   | Acres        | 19,080                 | 19,080            | 184,494,154                          | 207,280,548                        |
| Dangerous Highwalls  | Feet         | 2,408,561              | 34,402            | 284,883,193                          | 712,120,650                        |
| Dangerous Impoundments   | Count        | 1,354                  | 7,515             | 24,961,191                           | 22,467,260                         |
| Industrial/Residential Waste (Priority 1 & 2)  | Acres        | 249                    | 249               | 1,675,092                            | 794,007                            |
| Dangerous Piles & Embankments  | Acres        | 11,167                 | 11,119            | 192,784,222                          | 260,148,097                        |
| Dangerous Slides   | Acres        | 3,065                  | 3,090             | 127,397,907                          | 112,256,201                        |
| Equipment/Facilities   | Count        | 620                    | 66                | 5,887,146                            | 3,327,181                          |
| Gases: Hazardous Explosive   | Count        | 32                     | 32                | 487,837                              | 2,520,832                          |
| Gobs (Coal waste piles)  | Acres        | 5,980                  | 5,983             | 72,769,533                           | 59,909,961                         |
| Highwalls  | Feet         | 176,453                | 2,521             | 11,831,115                           | 1,176,027,855                      |
| Hazardous Equipment & Facilities   | Count        | 4,375                  | 444               | 23,615,532                           | 28,678,698                         |
| Haul Road  | Acres        | 1,103                  | 1,103             | 3,553,251                            | 4,293,452                          |
| Hazardous Water Body   | Count        | 639                    | 3,403             | 35,791,314                           | 54,206,610                         |
| Industrial/Residential Waste (Priority 3)  | Acres        | 690                    | 689               | 3,511,201                            | 11,816,272                         |
| Mine Opening   | Count        | 428                    | 43                | 922,072                              | 7,229,676                          |
| Other  | -----        | 108,251,651            | *                 | 7,776,574                            | 22,057,389                         |
| Polluted Water: Agricultural & Industrial  | Count        | 329                    | 1,618             | 39,095,952                           | 115,046,127                        |
| Polluted Water: Human Consumption  | Count        | 22,963                 | 114,812           | 133,940,803                          | 3,755,742,648                      |
| Portals  | Count        | 9,379                  | 962               | 39,699,485                           | 25,930,086                         |
| Pits   | Acres        | 2,256                  | 2,256             | 11,855,436                           | 42,511,304                         |
| Subsidence   | Acres        | 5,985                  | 5,967             | 254,263,634                          | 505,394,836                        |
| Spoil Area   | Acres        | 24,566                 | 24,606            | 63,784,872                           | 296,923,489                        |
| Surface Burning  | Acres        | 1,238                  | 1,237             | 36,001,854                           | 21,536,699                         |
| Slurry   | Acres        | 2,331                  | 2,331             | 22,747,821                           | 6,998,144                          |
| Slump  | Acres        | 85                     | 85                | 850,590                              | 98,540,855                         |
| Underground Mine Fire  | Acres        | 1,426                  | 1,416             | 81,562,694                           | 862,465,737                        |
| Vertical Opening   | Count        | 4,421                  | 496               | 27,258,781                           | 34,175,814                         |
| Water Problems   | Gal/Min      | 5,205,288              | *                 | 7,185,162                            | 93,972,110                         |
| <b>Total</b>   |              |                        | <b>248,094</b>    | <b>1,745,663,341</b>                 | <b>8,610,446,334</b>               |
| <b>* Not converted to GPRA acres.</b>  |              |                        |                   |                                      |                                    |
| <b>Note:</b> GPRA Acres are non-acre measures (feet of highwalls or number of portals that are converted by formula to acres. GPRA acres are used to measure program performance). Includes Acid Mine Drainage, Coal Interim Site Funding, Coal Insolvent Surety Site Funding, and Pre-SMCRA Coal State/Tribe Programs |              |                        |                   |                                      |                                    |
| <b>Source: Abandoned Mine Land Inventory System (AMLIS).</b>   |              |                        |                   |                                      |                                    |

*Office of Surface Mining Reclamation and Enforcement*

**By State and Tribe Funding Data  
FY 2005 Obligations for Grants, Cooperative Agreements and Federal Project Spending  
(DOLLARS IN THOUSANDS)**

| STATE         | Environmental Restoration |           |                     | Environmental Protection |            |                   |         | Tech. Dev. &Trans |            | Admin   |         |
|---------------|---------------------------|-----------|---------------------|--------------------------|------------|-------------------|---------|-------------------|------------|---------|---------|
|               | AML Funding               |           | Federal Reclamation |                          | Regulatory |                   | SOAP    | Electronic        | WAN        |         |         |
| TRIBE         | Reclamation               | Emergency | Clean               | Program                  | Emergency  | Grants/Agreements |         |                   | Permitting | &       | TOTAL   |
|               | Projects                  | Projects  | Streams             | High Priority            | Projects   | Non-Federal       | Federal |                   |            | Related |         |
|               |                           |           |                     | Projects                 | Projects   | Lands             | Lands   |                   |            | Support |         |
| Alabama       | 2,940                     | 400       | 165                 |                          |            | 973               | 15      | 60                |            |         | 4,553   |
| Alaska        | 1,500                     | 25        |                     |                          |            | 189               |         |                   |            |         | 1,714   |
| Arkansas      | 1,532                     | 15        |                     |                          |            | 149               |         |                   |            |         | 1,696   |
| California    |                           |           |                     |                          |            |                   |         |                   |            |         | 0       |
| Colorado      | 2,415                     |           |                     |                          |            | 520               | 1,435   |                   |            |         | 4,370   |
| Georgia       |                           |           |                     | 1                        |            |                   |         |                   |            |         | 1       |
| Illinois      | 8,085                     | 800       | 339                 |                          |            | 2,326             | 114     |                   |            |         | 11,664  |
| Indiana       | 5,026                     | 320       | 178                 |                          |            | 1,920             |         |                   |            |         | 7,444   |
| Iowa          | 1,542                     | 60        | 119                 |                          |            | 129               |         |                   |            |         | 1,850   |
| Kansas        | 1,591                     | 610       |                     |                          |            | 113               |         |                   |            |         | 2,314   |
| Kentucky      | 14,639                    |           | 335                 |                          | 5,044      | 11,207            | 1,106   | 606               |            |         | 32,937  |
| Louisiana     | 97                        |           |                     |                          |            | 167               |         |                   |            |         | 264     |
| Maryland      | 1,304                     |           | 115                 |                          | 27         | 591               |         | 35                |            |         | 2,072   |
| Michigan      |                           |           |                     | 4                        |            |                   |         |                   |            |         | 4       |
| Mississippi   |                           |           |                     |                          |            | 114               |         |                   |            |         | 114     |
| Missouri      | 619                       | 50        |                     |                          |            | 163               |         |                   |            |         | 832     |
| Montana       | 3,388                     | 125       |                     |                          |            | 205               | 846     |                   |            |         | 4,564   |
| New Mexico    | 1,994                     |           |                     |                          |            | 286               | 452     |                   |            |         | 2,732   |
| North Dakota  | 1,520                     | 100       |                     |                          |            | 270               | 231     |                   |            |         | 2,121   |
| Ohio          | 5,937                     | 2,841     | 247                 |                          |            | 2,020             |         | 50                |            |         | 11,095  |
| Oklahoma      | 1,505                     | 340       | 111                 |                          |            | 626               | 392     |                   |            |         | 2,974   |
| Oregon        |                           |           |                     | 43                       |            |                   |         |                   |            |         | 43      |
| Pennsylvania  | 44,396                    |           | 874                 |                          | 2,615      | 10,666            |         | 669               |            |         | 59,220  |
| Rhode Island  |                           |           |                     |                          |            | 13                |         |                   |            |         | 13      |
| South Dakota  |                           |           |                     | 14                       |            |                   |         |                   |            |         | 14      |
| Tennessee     |                           |           |                     | 1,000                    | 144        |                   |         |                   |            |         | 1,144   |
| Texas         | 1,401                     |           |                     |                          |            | 1,317             |         |                   |            |         | 2,718   |
| Utah          | 1,968                     |           |                     |                          |            | 96                | 1,648   |                   |            |         | 3,712   |
| Virginia      | 3,809                     | 1,850     | 172                 |                          |            | 3,259             |         |                   |            |         | 9,090   |
| Washington    |                           |           |                     | 210                      | 157        |                   |         |                   |            |         | 367     |
| West Virginia | 20,625                    | 5,000     | 545                 |                          |            | 10,520            |         | 97                |            |         | 36,787  |
| Wyoming       | 38,065                    |           |                     |                          |            | 0                 | 2,120   |                   |            |         | 40,185  |
| Crow          | 576                       |           |                     |                          |            | 30                |         |                   |            |         | 606     |
| Hopi          | 656                       |           |                     |                          |            | 174               |         |                   |            |         | 830     |
| Navajo        | 3,113                     |           |                     |                          |            | 449               |         |                   |            |         | 3,562   |
| N. Cheyenne   |                           |           |                     | 10                       |            |                   |         |                   |            |         | 10      |
| Total         | 170,243                   | 12,536    | 3,200               | 1,282                    | 8,000      | 48,479            | 8,359   | 1,517             | 0          | 0       | 253,616 |

**FY 2007 WORKING CAPITAL FUND**

**CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| <b>Activity/Office</b>                          | <b>FY 2005<br/>Actual</b> | <b>FY 2006<br/>Estimate</b> | <b>FY 2007<br/>Estimate</b> |
|---|---------------------------|-----------------------------|-----------------------------|
| <b>Other OS Activities</b>                      |                           |                             |                             |
| Invasive Species Program                        | 17.2                      | 18.3                        | 21.8                        |
| Invasive Species DOI Coordinator                | 2.8                       | 3.0                         | 3.6                         |
| Secretary's Immediate Office                    | 20.0                      | 21.3                        | 25.4                        |
| Secretary's Immediate Office                    |                           |                             |                             |
| Secretary's Immediate Office                    |                           |                             |                             |
| Secretary's Immediate Office                    |                           |                             |                             |
| Secretary's Immediate Office                    |                           |                             |                             |
| Document Management Unit                        | 3.0                       | 3.1                         | 3.7                         |
| Office of the Executive Secretariat             | 3.0                       | 3.1                         | 3.7                         |
| Departmental News and Information               | 18.3                      | 19.5                        | 27.6                        |
| Departmental Newsletter                         | 8.8                       | 9.4                         | 2.7                         |
| Hispanic Media Outreach                         | 4.7                       | 3.3                         | 3.5                         |
| Office of Communications                        | 31.8                      | 32.1                        | 33.8                        |
| Fish, Wildlife, and Parks                       |                           |                             |                             |
| Financial Management Training                   | 26.9                      | 27.4                        | 30.2                        |
| Travel Management Center                        | 2.5                       | 1.6                         | 1.6                         |
| Office of Financial Management                  | 29.4                      | 28.9                        | 31.8                        |
| Activity Based Costing/Management               | 9.5                       | 9.5                         | 9.5                         |
| Office of Financial Management                  | 9.5                       | 9.5                         | 9.5                         |
| DOI Space Management Initiative                 |                           | 2.1                         | 2.1                         |
| Property and Acquisition Management             |                           | 2.1                         | 2.1                         |
| Planning and Performance Management             | 62.8                      | 63.9                        | 66.3                        |
| Office of Planning and Performance Management   | 62.8                      | 63.9                        | 66.3                        |
| Center for Competitive Sourcing Excellence      | 0.0                       | 0.0                         | 4.0                         |
| Office of Competitive Sourcing                  | 0.0                       | 0.0                         | 4.0                         |
| Firefighter and Law Enforcement Retirement Team | 0.0                       |                             |                             |
| DOI wide OWCP Coordination                      |                           |                             | 0.9                         |
| Employee Assistance Programs                    | 0.0                       |                             |                             |
| Employee Counseling                             | 1.3                       | 1.3                         | 1.3                         |
| CLC - Human Resources                           | 0.2                       | 0.3                         | 0.3                         |
| OPM Federal Employment Services                 | 1.5                       | 1.5                         | 1.5                         |
| Office of Human Resources                       | 3.0                       | 3.1                         | 4.0                         |
| Special Emphasis Program                        | 4.9                       | 4.9                         | 4.9                         |
| Recruitment/Outreach                            | 3.3                       |                             |                             |
| Office of Civil Rights                          | 8.2                       | 4.9                         | 4.9                         |
| Occupational Health and Safety                  | 10.7                      | 11.0                        | 11.3                        |
| Health and Safety Training Initiative           | 2.9                       | 2.9                         | 2.9                         |
| Office of Occupational Health and Safety        | 13.6                      | 13.9                        | 14.2                        |
| Classified Information Facility                 | 3.0                       | 3.1                         | 4.6                         |
| Emergency Preparedness                          | 6.4                       | 8.4                         | 8.7                         |
| Law Enforcement Coordination and Training       |                           | 3.2                         | 3.3                         |

**FY 2007 WORKING CAPITAL FUND**

**CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| <b>Activity/Office</b>                                  | <b>FY 2005<br/>Actual</b> | <b>FY 2006<br/>Estimate</b> | <b>FY 2007<br/>Estimate</b> |
|---|---------------------------|-----------------------------|-----------------------------|
| Watch Office  | 9.4                       | 9.6                         | 10.0                        |
| Office of Law Enforcement and Security                  | 18.9                      | 24.2                        | 26.6                        |
| IT Security   | 44.1                      | 44.2                        | 216.1                       |
| IT Security Certification & Accreditation               |                           | 88.5                        | 88.5                        |
| Information Technology Architecture                     | 33.1                      | 33.2                        | 392.2                       |
| Capital Planning  | 11.7                      | 111.7                       | 144.1                       |
| Enterprise Resource Management                          |                           |                             | 27.8                        |
| Data Resource Management Program                        | 3.7                       | 3.7                         | 18.2                        |
| Office of the Chief Information Officer                 | 92.7                      | 281.4                       | 886.8                       |
| DOI-wide Telecommunications Initiatives                 |                           |                             |                             |
| Messaging   |                           |                             | 229.8                       |
| OS-HSPD12 (e-Authentication)                            |                           | 21.1                        | 103.4                       |
| Enterprise Services Network (ESN)                       | 407.7                     | 165.1                       | 280.9                       |
| ESN - Program Change                                    |                           | 408.1                       |                             |
| ARTNET  | 3.9                       | -0.0                        |                             |
| Active Directory  |                           | 15.3                        | 15.3                        |
| Office of the Chief Information Officer                 | 411.6                     | 609.7                       | 629.5                       |
| Web & Internal/External Comm                            | 5.4                       | 5.4                         | 4.9                         |
| GPEA  | 4.8                       | 4.8                         | 38.7                        |
| DOI FOIA Tracking & Reporting System                    | 1.0                       | 3.4                         | 4.2                         |
| Office of the Chief Information Officer                 | 11.2                      | 13.6                        | 47.8                        |
| Solicitor - Ethics Training/ALLEX Database/FOIA Appeals | 0.5                       | 0.5                         | 0.5                         |
| ALLEX Database  | 0.2                       | 0.2                         | 0.2                         |
| FOIA Appeals  |                           |                             | 7.1                         |
| Solicitor   | 0.7                       | 0.7                         | 7.8                         |
| CFO Financial Statement Audit                           | 332.4                     | 332.4                       | 351.2                       |
| Departmentwide Activities                               | 332.4                     | 332.4                       | 351.2                       |
| E Government Initiatives                                | 55.0                      | 48.8                        | 48.8                        |
| Office of Planning and Performance Mgmt.                | 55.0                      | 48.8                        | 48.8                        |
| Appraisal Services                                      |                           |                             |                             |
| Appraisal Services                                      |                           |                             |                             |
| WCF Management  | 2.2                       |                             |                             |
| DOI Geographic Info Mgmt EGIM                           |                           | 4.8                         | 13.7                        |
| SBA Certifications                                      | 0.4                       | 0.2                         | 0.1                         |
| Contingency Reserve                                     | 12.0                      | 11.9                        | 11.9                        |
| Departmentwide Activities                               | 14.5                      | 16.9                        | 25.7                        |
| <b>Subtotal Other OS Activities</b>                     | <b>1,118.2</b>            | <b>1,510.7</b>              | <b>2,223.9</b>              |

**FY 2007 WORKING CAPITAL FUND**

**CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| <b>Activity/Office</b>                       | <b>FY 2005<br/>Actual</b> | <b>FY 2006<br/>Estimate</b> | <b>FY 2007<br/>Estimate</b> |
|--|---------------------------|-----------------------------|-----------------------------|
| <b>National Business Center</b>              |                           |                             |                             |
| Cultural Resources & Events Management       | 2.7                       | 3.3                         | 3.9                         |
| Partnership Schools & Commemorative Programs |                           | 3.3                         | 3.7                         |
| Departmental museum                          | 14.3                      | 12.3                        | 12.3                        |
| Departmental Library                         | 24.7                      | 27.1                        | 27.1                        |
| Learning and Performance Center Management   | 3.5                       | 3.1                         | 3.0                         |
| SESCDP & Other Leadership Programs           | 11.4                      | 4.7                         | 4.7                         |
| Washington Learning & Performance Center     | 26.6                      | 19.2                        | 17.7                        |
| Albuquerque Learning & Performance Center    | 3.6                       | 4.0                         | 4.5                         |
| Anchorage Learning & Performance Center      | 6.2                       |                             |                             |
| Denver Learning & Performance Center         | 17.2                      | 15.9                        | 11.5                        |
| On-Line Learning                             | 4.3                       | 4.0                         | 3.8                         |
| NBC- Human Capital/DOIU                      | 114.4                     | 96.9                        | 92.2                        |
| Computer Applications and Network Services   | 7.8                       | 8.2                         | 8.3                         |
| Telecommunications services                  | 131.8                     | 151.0                       | 137.6                       |
| Voice/data switching                         | 46.4                      | 37.6                        | 34.3                        |
| New PBX Telephone System                     | 58.7                      | 62.9                        | 53.0                        |
| Records management/FOIA                      | 15.0                      | 14.9                        | 15.4                        |
| Aviation Management - Information Technology | 2.8                       | 0.0                         |                             |
| NBC IT Security Improvement Plan             |                           |                             | 10.8                        |
| NBC- IT                                      | 262.5                     | 274.6                       | 259.4                       |
| FPPS - Application Mgmt Office               | 5.6                       | 8.2                         | 8.3                         |
| FPPS - Payroll Operations                    | 50.0                      | 47.3                        | 48.2                        |
| FPPS - Payroll Systems                       | 63.7                      | 54.8                        | 55.4                        |
| NBC- E-payroll                               | 119.3                     | 110.4                       | 112.0                       |
| Vehicle fleet                                | 2.2                       | 2.4                         | 2.5                         |
| Interior Complex Management & Svcs           | 57.9                      | 64.8                        | 60.0                        |
| Family Support Room                          | 1.1                       | 1.3                         | 2.1                         |
| Moving Services                              | 14.9                      | 18.9                        | 12.7                        |
| Shipping and Receiving                       | 23.9                      | 31.4                        | 29.6                        |
| Space Management Services                    | 13.8                      | 19.3                        | 23.4                        |
| Drug testing - intra department              | 0.1                       |                             |                             |
| Security                                     | 324.1                     | 422.0                       | 400.0                       |
| Accessible Technology Center                 | 3.0                       | 2.6                         | 2.7                         |
| Federal Executive Board                      | 2.3                       | 2.1                         | 2.2                         |
| Health Unit                                  | 18.3                      | 17.3                        | 19.6                        |
| Transportation Services (Household Goods)    | 3.9                       | 2.5                         | 5.4                         |
| Passport & Visa Services                     | 5.3                       | 5.4                         | 4.2                         |
| OWCP Coordination                            | 0.1                       |                             |                             |
| Blue Pages                                   | 30.6                      | 31.9                        | 33.5                        |
| Mail Policy                                  | 2.3                       | 2.7                         | 2.7                         |
| Mail and messenger services                  | 40.9                      | 43.3                        | 46.1                        |
| Special Events Services                      |                           |                             | 2.4                         |
| NBC - Administrative Operations              | 544.6                     | 668.0                       | 649.1                       |
| Financial Systems (inc Hyperion)             | 16.5                      | 16.9                        | 17.4                        |

**FY 2007 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| <b>Activity/Office</b>                   | <b>FY 2005<br/>Actual</b> | <b>FY 2006<br/>Estimate</b> | <b>FY 2007<br/>Estimate</b> |
|--|---------------------------|-----------------------------|-----------------------------|
| Departmental Offices Accounting          | 0.7                       |                             |                             |
| IDEAS                                    | 34.0                      | 33.8                        | 33.9                        |
| NBC - CFO                                | 51.2                      | 50.7                        | 51.3                        |
| Aviation Management Directorate          | 26.1                      | 27.1                        | 32.3                        |
| Aviation - Mandatory Services            | 26.1                      | 27.1                        | 32.3                        |
| <b>Subtotal National Business Center</b> | <b>1,118.1</b>            | <b>1,227.8</b>              | <b>1,196.2</b>              |
| <b>TOTAL</b>                             | <b>2,236.4</b>            | <b>2,738.5</b>              | <b>3,420.1</b>              |



**FY 2007 WORKING CAPITAL FUND**

**DIRECT BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| <b>Activity/Office</b>                               | <b>FY 2005<br/>Actual</b> | <b>FY 2006<br/>Estimate</b> | <b>FY 2007<br/>Estimate</b> |
|--|---------------------------|-----------------------------|-----------------------------|
| <b>Other OS Activities</b>                           |                           |                             |                             |
| ACHP -- CLASSES                                      | 0.5                       |                             |                             |
| Office of Assistant Secretary - PMB                  | 0.5                       |                             |                             |
| Financial Management Activities                      | 2.4                       |                             |                             |
| Finance Budget Conf OC MD                            | 1.8                       | 0.9                         | 0.9                         |
| Linh Luu Award bureaus                               | 0.3                       |                             |                             |
| Office of Financial Management                       | 4.4                       | 0.9                         | 0.9                         |
| Office of Acquisition and Property Management        |                           |                             |                             |
| OSDBU SBA Certifications                             | 0.0                       |                             |                             |
| Office of Small & Disadvantaged Business Utilization | 0.0                       |                             |                             |
| Office of Wildland Fire Coordination                 |                           |                             |                             |
| Planning and Performance Management                  |                           |                             |                             |
| Departmental Medals                                  | 0.8                       | 0.8                         | 0.8                         |
| Executive Resources Personnel Mgmt Services          | 7.3                       | 7.4                         | 7.4                         |
| Human Resources Policy                               | 8.2                       | 8.1                         | 8.1                         |
| EEO Training   | 2.3                       | 2.7                         | 2.3                         |
| Civil Rights   | 2.3                       | 2.7                         | 2.3                         |
| ESN  |                           | 206.2                       | 390.0                       |
| Office of Information Resources Management           |                           | 206.2                       | 390.0                       |
| Microsoft Enterprise Licenses                        | 233.6                     | 150.9                       | 150.9                       |
| Anti-Virus Software Licenses                         | 9.2                       | 9.3                         | 9.3                         |
| Popkin System Architect Licenses                     |                           | 0.4                         | 0.4                         |
| Karta GoLearn Licenses                               |                           | 7.6                         | 7.6                         |
| Enterprise Architecture Services                     |                           | 126.3                       |                             |
| Office of the Chief Information Officer              | 242.8                     | 294.6                       | 168.2                       |
| Internet Domain Reimb                                | 0.3                       |                             |                             |
| Office of the Chief Information Officer              | 0.3                       |                             |                             |
| Office of the Chief Information Officer              |                           |                             |                             |
| Cobell - Restoration                                 |                           |                             | 10.0                        |
| Cobell - Live E-mail                                 | 4.8                       | 13.3                        | 13.3                        |
| Search Request [non-zantaz]                          |                           | 1.8                         | 1.1                         |
| Cobell - Security (Audit)                            |                           | 0.6                         | 1.1                         |
| Cobell - 3 Yr Live Capture Email                     |                           | 0.0                         | 0.0                         |
| Zantaz Audit Center Licenses                         | 0.4                       |                             |                             |
| Zantaz Exchange Servers                              | 13.9                      |                             |                             |
| Office of the Chief Information Officer              | 19.0                      | 15.6                        | 25.4                        |
| Office of the Chief Information Officer              |                           |                             |                             |
| FY 2006 KPMG Audit                                   |                           | 107.3                       | 10.7                        |
| FY 2007 KPMG Audit                                   |                           |                             | 107.3                       |
| CFO Financial Statement Audit                        |                           | 107.3                       | 118.0                       |
| Cooperative Conservation Conference                  | 3.0                       |                             |                             |
| Federal FSA Program                                  | 8.7                       | 8.8                         | 8.9                         |

**FY 2007 WORKING CAPITAL FUND  
DIRECT BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| <b>Activity/Office</b>                             | <b>FY 2005<br/>Actual</b> | <b>FY 2006<br/>Estimate</b> | <b>FY 2007<br/>Estimate</b> |
|--|---------------------------|-----------------------------|-----------------------------|
| DOI wide Initiatvves                               | 11.7                      | 8.8                         | 8.9                         |
| PPA/AID/Indonesia Mining Reg                       | 57.7                      | _____                       | _____                       |
| Office of Program Analysis - International Affairs | 57.7                      | _____                       | _____                       |
| Office of Solicitor                                | _____                     | _____                       | _____                       |
| Indirect costs - admin services                    | 1.2                       | 16.7                        | 16.7                        |
| OS Budget Office                                   | 1.2                       | 16.7                        | 16.7                        |
| <b>Subtotal Other OS Activities</b>                | <b>348.1</b>              | <b>660.9</b>                | <b>738.5</b>                |

**FY 2007 WORKING CAPITAL FUND**

**DIRECT BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| Activity/Office  | FY 2005<br>Actual | FY 2006<br>Estimate | FY 2007<br>Estimate |
|--|-------------------|---------------------|---------------------|
| <b>National Business Center</b>                          |                   |                     |                     |
| Strategic Management of Human Capital Directorate        |                   |                     |                     |
| Aviation Management - Human Capital                      | 0.9               |                     |                     |
| Career, Balance, & Diversity Forums                      | 6.6               | 4.2                 |                     |
| Certificate Programs                                     | 1.5               |                     |                     |
| Online Learning  | 35.0              | 5.2                 | 5.2                 |
| NBC - Human Capital/DOIU                                 | 44.0              | 9.4                 | 5.2                 |
| Information Technology Directorate                       |                   |                     |                     |
| Technology Services                                      | 32.8              | 32.8                | 32.8                |
| NBC-CIO  | 32.8              | 32.8                | 32.8                |
| Federal Personnel Payroll Systems & Services Directorate |                   |                     |                     |
| FPPS - Application Mgmt Office                           | 0.5               | 0.1                 | 0.1                 |
| FPPS - Payroll Systems                                   | 16.9              | 17.2                | 17.9                |
| NBC- E-payroll   | 17.4              | 17.3                | 18.0                |
| Administrative Operations Directorate                    |                   |                     |                     |
| Aviation Management - Acquisitions                       | 3.9               |                     |                     |
| Flags & Seals  | 1.0               | 1.0                 |                     |
| Building Alteration Services                             | 16.9              | 19.8                | 20.4                |
| Reimbursable Moving services                             | 7.2               | 3.4                 | 2.4                 |
| Creative Communications                                  | 161.4             | 166.5               | 144.2               |
| Overseas Mail Services                                   | 0.1               | 0.1                 | 0.1                 |
| NBC - Administrative Operations                          | 190.6             | 190.8               | 167.0               |
| Budget and Finance Directorate                           |                   |                     |                     |
| Aviation Management - Finance                            | 4.2               | 0.0                 | 0.0                 |
| NBC AMD  | 4.2               | 0.0                 | 0.0                 |
| Aviation - Discretionary Activities                      | 66.9              | 1.8                 | 1.7                 |
| Aviation Management Directorate                          | 66.9              | 1.8                 | 1.7                 |
| Appraisal Services Directorate                           |                   |                     |                     |
| Appraisal Services Mineral Appraisals                    |                   | 600.0               | 0.0                 |
| NBC-Appraisal Services                                   |                   | 600.0               | 0.0                 |
| NBC Direction  |                   |                     |                     |
| Solutions Coordination Office (LOB Funded)               |                   |                     |                     |
| NBC - Management   |                   |                     |                     |
| <b>Subtotal National Business Center</b>                 | 355.8             | 852.1               | 224.8               |
| <b>TOTAL</b>   | 703.8             | 1,513.0             | 963.2               |