1. Signed statement of monthly income.

   This may include:

   - List of bank accounts showing name, address, type of account, account number, and balance;
   - List of accounts/notes receivable, including name, address, amount due, due date, and account status;
   - List of assets and liabilities including equity in assets, liabilities balance due, amount of monthly payment, date of agreement, and final payment date; and
   - List of income and expenses showing period covered (from/to).

2. Balance sheet, if applicable, showing assets and liabilities.

   Assets may include life insurance, stocks, bonds, machinery, and other equipment. Assets must be unencumbered.

3. Copy of the debtor's latest Federal income tax return.

   Individual, corporate, or partnership, as applicable.

4.4.1.2 Analysis of Financial Information

The financial analysis for tax records, asset information, and income/expense information is described below.

Tax Records

Compare the company's/operator's monthly income statement and tax records. Note and discuss any significant discrepancies with the operator or his representative. Request any further documentation needed (it is the operator's responsibility to comply). The discrepancies and resolutions must be documented in case file History Sheet.

Assets

Analyze the operator's assets (cash and other) to determine if the debt can be eliminated.

- If cash is available, demand immediate payment by phone call and/or letter, as appropriate.
- If sufficient cash is not available, review other assets that may be pledged and readily converted into cash.
- Review any unencumbered assets, lines of credit (including available credit on bank charge cards, etc.) from which money may be secured to make payment. If assets exist, request the debtor to borrow funds and establish a payment date.
- If no borrowing ability is apparent, request the debtor to defer other payments to pay AML fees first.

If a solution for eliminating the debt is not possible, income and expenses should be analyzed.

Income and Expenses

Determine if the expenses claimed are allowable. Allowable expense items vary, depending upon whether the mine operator is a corporation, partnership or sole proprietor. Two examples are:

- Expenses necessary for the production of income.
- Minimum payments on legal debts are normally allowed for asset items necessary for the production of income. If the asset item fails to meet this qualification, advise the operator that the debt will not be included as an allowable expense.

Require the operator to verify and support any expense items that appear excessive.

4.4.2 Payment Procedures

There are two methods of payment: lump sum and installment plan. Based on financial analysis results either:

- o Require full payment in one lump sum.
- o Enter into an installment agreement for the full amount (See the Settlement Guidelines Directive No. 485, 11/15/88, for specific guidance and policy).

4.4.2.1 Lump Sum Payment

Collect all AML debt--including interest, penalties, and administrative costs--in one lump sum, whenever possible, specifying a payment date. This is thoroughly documented on the History Sheet and noted on the Collection Specialist's calendar. Payments are applied first, to administrative costs and penalty charges; second, to accrued interest; and third, to outstanding principal.

4.4.2.2 Installment Plan Payment

If the Collection Specialist determines a mine operator financially unable to pay the debt in one lump sum, payment in regular installments may be accepted. The Collection Specialist is responsible for preparing the Installment Agreement and monitoring payments. (See Settlement Guidelines, OSMRE Directive No. 485, 11/15/88).

4.4.2.2.1 Preparing an Installment Agreement

An Installment Agreement is a legally enforceable written agreement specifying all terms of the payment plan. The Collection Specialist must prepare the Installment Agreement and obtain the mine operator's signature.

Upon return of the signed agreement the Chief, Branch of AML Collections, or Chief, Division of Debt Management, as appropriate, signifies approval by signature.

Required Information

An Installment Agreement must include:

1. Identification of the debt (MSHA identifying number, quarter, and total fees outstanding).

2. Statement that administrative costs, penalties, and interest are due.

3. Statement of agreement to pay total outstanding debt plus interest accruing at the rate provided by law and penalty at a charge of 6 percent per annum.

4. The specific amount of the equal monthly payments and the due date of each payment.

5. Statement of requirement for future compliance with reporting and prompt payment of all reclamation fees in accordance with SMCRA.

6. Statement that withdrawal of the agreement and possible permit blocking will result if payments are not made as agreed.

7. Method of payment and address to which payments must be mailed.

8. Permit conditioning language for companies/operators located in the State of Pennsylvania as follows:

   "This permit is conditioned on the permittee's compliance with the requirements of a Reclamation Fee Installment Agreement dated _____, by and between _____, and OSM, providing for the payment of past due reclamation fees of _____, plus administrative charges, interest, and penalties. The Pennsylvania Department of Environmental Resources shall suspend this permit upon notification by OSM that the above-referenced agreement has been broken by the failure of the company to comply with the provisions of the agreement regarding the payment of the past due liability."

Installment Agreement Package

The Installment Agreement Package includes:

- A transmittal letter, dated and signed by the Branch Chief; and

- Two copies of the agreement.

A sample Installment Agreement is shown in Exhibit 4-2.

Signature and Approval

The Collection Specialist must secure the signature of the mine operator (or a mine operator's representative who has authority to execute the agreement). Upon return of the agreement, the Branch Chief signs, dates, and forwards an executed copy to the mine operator.

Billing

The Collection Specialist calls the mine operator to determine if bills are to be mailed or suppressed, and updates the AML Fee Collection System accordingly with the appropriate 2-digit code on OSM Form 121-B (See Section 9.3.2):

02 - installment agreement send bills

03 - installment agreement bills not to be sent

4.4.2.2.2 Monitoring Installment Payments

The Collection Specialist is responsible for assuring compliance by monitoring installment agreement payments. A calendar or suspense system should be utilized to alert the Collection Specialist of payment due dates. As with a lump sum payment, installment payments are applied first to administrative costs and penalty charges; second, to accrued interest; and third, to outstanding principal. Payment due dates and payment receipt dates are documented on the case file History Sheet.

4.4.2.3 Compromise of Debt

Compromise of a debt is an agreement with the debtor to accept less than the full amount of a final claim. As a general rule, OSM desires full payment of all debts. However, it may be in the Government's best interest

to accept less than the full amount as final resolution. Compromise settlements must follow the guidelines described below to protect the interests of OSM and to ensure consistent and fair treatment of operators.

4.4.2.3.1 Compromise Authority

The Division of Debt Management, within the Finance and Accounting Directorate, has the authority to recommend compromise of any debt but must receive Solicitor concurrence, regardless of debt amount. The Solicitor has the authority to compromise any claim referred to that Office, not exceeding $20,000. The compromise of debts over $20,000 requires approval from the Solicitor's Office and the Department of Justice. All compromises recommended by the Solicitor's Office and the Department of Justice require OSM approval. Compromises for debts equal to or in excess of $20,000 require the specific approval of the Deputy Director, Administration and Finance. The Private Collection Contractors contracted by OSM may also enter into a compromise settlement, following the Settlement Guidelines Directive, however, they must receive approval from OSM, the Solicitor's Office, and/or Department of Justice prior to any compromise.

4.5 COLLECTION WORKLOAD AND PROCEDURES

AML Collection workload is generated by a variety of sources. Some of these sources are discussed in other parts of this manual as noted in Sections 4.5.1 to 4.5.4. Discussion of other work sources begins in Section 4.5.5.

4.5.1 Applicant Violator System (AVS) Requests - Section 10.

4.5.2 Collection Contractors (Payco and Credit Claims and Collections) - Section 6.

4.5.3 Solicitor Referrals - Section 7.

4.5.4 Reclassification - Section 8.

4.5.5 Tennessee Valley Authority (TVA) Requests

The TVA and OSM have a Memorandum of Understanding (MOU) for interagency cooperation for the implementation and administration of SMCRA and the regulations promulgated thereunder. One of the objectives of the MOU is the coordination of efforts to ensure that surface coal mining and reclamation operations conducted by producers of coal for TVA are in accordance with applicable laws and regulations.

4.5.5.1 TVA Request Procedures

To assure that its coal purchase contracts comply with Federal and State mining and reclamation laws and regulations, the TVA requests OSM to determine if there are any violations of SMCRA (AML and Civil Penalty). Following are the procedures to be followed when responding to TVA requests.

4.5.5.1.1 Tracking and Research

The Collection Specialist should enter the request on the TVA Tracking System and research the following sources to determine if there are any SMCRA violations:

- Collection Management Information System (CMIS)
- Bankruptcy listings
- Reclassification listings

- Collection Contractor Referrals
- Solicitor Referrals
- AML Summary and/or Detail Reports
- MSHA Inquiry Reports
- Alpha Mine List
- AML Audit Reports
- Library manilas for the citations involved
- Contact with Field Office Inspector
- Contact with Field Solicitor Offices
- Contact with the DFM - Branch of AML Fee Collections

4.5.5.1.2 Documentation and Approval

The Collection Specialist documents the History Sheet detailing research results and forwards the case file to the Section Chief for approval.

4.5.5.1.3 Timeframe and Response

TVA requests are to be answered the same day they are received, or within 24 hours of receipt. The Collection Specialist calls the TVA official that made the request and specifies any AML or civil penalty debt owed or any unabated violations. The TVA Tracking System is updated by the Collection Specialist.

4.5.6 Small Business Administration (SBA) Requests

Before a loan is approved, the SBA must assure that the applicant is in compliance with Federal and State laws and regulations. The SBA contacts OSM to determine if a mine operator has any violations of SMCRA. The procedures to be followed when a request is received from SBA are the same as those detailed for TVA Requests (4.5.5.1.1 - 4.5.5.1.3 above).

4.5.7 Issuance of Citations for Failure to File OSM-1's or Pay AML Fees

Companies/operators that fail to file for or pay Abandoned Mine Land (AML) reclamation fees may be issued a citation (Notice of Violation (NOV) or Failure to Abate Cessation Order (FTACO)). The Branch of AML Collections is responsible for identifying those companies/operators that are non-compliant. Refer to Directive AML-15, #501, Abandoned Mine Land (AML) Fee Citations, dated 12/22/88, for detailed guidance.

4.5.7.1 Sources of Identification

The Outstanding Bills Register by Bill Status (received monthly from the Denver Branch of AML Fee Collections) Audit Suspense Report (received monthly from Division of Compliance Management) and the Non-Respondency Report (received quarterly from the Denver Branch of AML Fee Collections) are the sources used by Collection Specialists to identify potentially noncompliant companies.

4.5.7.2 Research and Analysis

If a company is identified as potentially noncompliant, the Collection Specialist must perform extensive research and analysis to verify and assure the company's compliance status. Research should include:

- Corresponding case file
- AML Summary/Detail Printouts
- Collection Contractor Referrals (AML Delinquent Debt Tracking System)
- Solicitor Referrals (AML Delinquent Debt Tracking System)
- Net Worth Determination (NWD) Reports
- Contact with Solicitors
- Contact with Auditors

4.5.7.3 Criteria

Before a case is referred to the collection contractor or the Solicitor's Office, extensive research must be conducted to determine if the company/operator is a potential target for issuance of a citation because of noncompliance. The following criteria apply to all AML cases referred for enforcement action:

(1) The company must be actively mining or still be in business with evidence of assets.

(2) The company must be at least 90 days delinquent in payment of AML fees or non-respondent at least 90 days beyond the end of the applicable calendar quarter.

(3) The company must owe at least $5,000 in delinquent AML fees. Companies with smaller total debts may also be cited for just cause if recommended by the Field Offices, DDM, DCM, or the Solicitor's Office and approved by the Deputy Director, OSM.

4.5.7.4 Frequency of List

The list of noncompliant companies/operators is compiled monthly by the Division of Debt Management, AML Collections Branch, and forwarded to the appropriate Regional Auditor through the Division of Compliance Management.

4.5.7.5 Notification of Abatement Status

The Collection Specialist is responsible for tracking the companies/operators that have been served an NOV for AML non-payment or non-respondency to determine if subsequent filing or AML fee payments have occurred. The Regional Audit Manager will be notified immediately if one of the following occurs:

(1) Full and proper abatement of the violation; and

(2) The 30-day abatement period lapses without proper corrective action. If the operator has failed to abate the violation, within the 30-day abatement period, an FTACO will be issued (following the procedures set forth in the Civil Penalty Assessment Manual).

Non-respondent companies, for which a debt amount is not yet established, may be cited if it is reasonable to estimate a debt of approximately $5,000. However, no enforcement action will be taken in the case of non-respondency without the prior approval of the Deputy Director, OSM on a case-by-case basis.

4.5.7.6 List Format

The Collection Specialist will compile a list of those companies/operators verified as noncompliant. The list will contain the information as set forth below:

(1) Company Name

(2) Permit Number

(3) Mine ID Number(s)

(4) Applicable Calendar Quarters or Audit Bill Number

(5) Amount(s) Due

(6) Operator/Permit Holder/or Otherwise Responsible Party against whom the NOV/FTACO will be written.

(7) Address for (f) above

(8) The Type of Violation:

a Non-Respondency: Operator has failed to file Form OSM-1.

b Failure to Pay: Operator has filed Form OSM-1 or undergone an audit, but failed to pay the full reclamation fees due.

4.5.7.7 Affidavit

NOV/CO's issued for failure to file or pay AML fees may be contested. In the event the case results in a court hearing, the Collection Specialist will prepare an affidavit regarding the validity of the citation.

4.5.7.8 Public Hearings

Public hearings may be required as a result of the issuance of an NOV/CO. Collection Specialists are to provide the Division of Compliance Management any information requested for use in conducting the hearings.

4.5.8 Outstanding Bills Register

The Branch of AML Fee Collections, Division of Financial Management (DFM), sends a monthly listing ("Outstanding Bills Register, Report No. LF7-755") of outstanding AML debts to the Division of Debt Management (DDM), Branch of AML Collections. The list is sorted by bill status (01, actively being pursued; 02, approved installment plan - bill sent; 03, approved installment plan - bill not sent; 04, referred to Solicitor; 05, referred to collection agency; 06, forwarded to DOJ; 07, bill issued in error; 08, bill paid in full; and 09, debt in bankruptcy court) by State, and alphabetical by company name.

4.5.8.1 Review and Analysis

The Collection Specialist reviews the listing beginning with bill status 01, for his or her area of responsibility (assigned by State) and determines the proper disposition of each case; i.e., internal collection, issuance of an NOV/CO, referral to the private collection contractor, or referral to the Solicitor within 3 days of receipt.

To determine and verify the most up-to-date bill status, address, and telephone number of the debtor, the Collection Specialist researches the AML Summary/Detail Report, AML Audit Report, AML Library files, AVS, and any other relevant source materials.

4.5.8.2 Operator Contact Timeframe

Collection Specialists must contact all operators within their area of responsibility within 30 days of receipt of the Outstanding Bills Register. If initial contact cannot be achieved within 30 days, the case must be reviewed for possible referral to the Division of Compliance Management for issuance of a Notice of Violation (NOV), or referred to the private collection contractor (see Section 6) or the Solicitor's Office (see Section 7), through the Section Chief, with appropriate coding sheets or referral forms completed.

4.5.8.3 Operator Contact Achieved

If contact with the operator is achieved, the Collection Specialist allows 30 days for full payment or execution of an installment plan. The AML Delinquent Debt Internal Debt Contact Record Form (see Exhibit 4-3) is completed and submitted for approval and input on the AML Delinquent Debt Tracking System. The History Sheet is documented to show action taken and specifies that the debtor was instructed to send a personal check, certified check, cashier's check, or money order as payment to the AML lockbox.

4.5.8.3.1 Successful Collection (Outstanding Bills Register)

Operators are to send their payments (personal check, certified check, cashier's check, or money order) to the AML Mellon Bank lockbox at:

U.S. Department of the Interior
Office of Surface Mining Reclamation
and Enforcement (AML)
P.O. Box 360095M
Pittsburgh, PA 15251

Mellon Bank forwards all AML payments to the Division of Financial Management, Branch of AML Fee Collections, for posting. The Collection Specialists must access the AML computer system to verify payment. The amount collected is documented on the History Sheet, and the Internal Collections Form (Exhibit 4-4) is completed to update the AML Delinquent Debt Tracking System.

On occasion, even though instructed otherwise, an operator may send a payment directly to the Branch of AML Collections. In such cases, the check will be treated as a misdirected payment by the Division of Debt Management and will be sent on to the lockbox. The AML Collection Branch is not notified of this payment until it is processed through the lockbox and applied to the AML system.

4.5.8.3.2 Unsuccessful Collection

If successful collection is not achieved within 30 days after contact with the operator, the case is reviewed for possible issuance of an NOV/CO, referred to the private collection contractor or to the Solicitor through the Section Chief with the appropriate coding sheets completed.

4.5.8.3.3 Tracking

Collection Specialists must maintain an individual "tickler file" or tracking system for all cases assigned to assure that:

- Contact with the operator is made within 30 days.
- If contact is not made within 30 days, the case is reviewed for issuance of an NOV/CO, referred to the private collection contractor, or to the Solicitor.
- If contact is achieved within 30 days, payment or execution of an installment plan is accomplished within 30 days or the case is referred to the private collection contractor or the Solicitor.
- The agreed-upon amount for all installment plans is paid in accordance with the terms and conditions of the approved installment payment plan.

4.5.8.3.4 Documentation

Collection Specialists must maintain complete and accurate case files, document the case file History Sheet, and assure that all data is correctly entered on the AML data base and the AML Delinquent Debt Tracking System.

4.5.9 Audits

The Division of Compliance Management forwards monthly a listing for audit debts over $200 (with the accompanying 6-part folder for each audit listed) to the Division of Debt Management (DDM). The list is in alphabetical order by company name, and shows the Audit Bill No.; the type of Audit (Severance, Tipple, Two-Acre, and other); the Status of Referral; the DDM accepting official, and the date signed for and accepted by DDM.

The front of the 6-part Audit folder indicates the type of Audit; i.e., (Severance, Tipple, Two-Acre, and other) and contains:

(1) Index
(2) Reclamation Fee Audit Report (RFAR)/narrative
(3) Invoice/2nd and 3rd notices
(4) Payments
(5) Adjustments
(6) Miscellaneous

4.5.9.1 Verification, Signature, and Assignment

The DDM accepting official verifies the completeness of the list and accompanying audit folders and dates and signs the listing. A copy of the list is provided to the Section Chief and each Collection Specialist. The audits listed are assigned to the Collection Specialist responsible for handling cases in the State where the mine is located. The audits are entered on both the AML Delinquent Debt Tracking System (ADDTS) and the Audit Delinquent Debt Tracking System.

4.5.9.2 Review and Analysis

Collection Specialists review and analyze the assigned Audit Reports and determine the proper disposition; i.e., internal collection, review for issuance of an NOV/CO, referral to the private collection contractor, or referral to the Solicitor within 3 days of receipt. The AML library files, AVS, or other relevant sources are reviewed to determine and verify the most up-to-date debt owed, address, and telephone number of the debtor.

4.5.9.3 Operator Contact Timeframe

The Collection Specialist must dispose of all audits within 30 days of receipt, either by obtaining payment, executing a payment agreement, reviewing for issuance of an NOV/CO, contacting the operator or referring the debt to the collection contractor or to the Solicitor. Initial contact must be achieved promptly to allow sufficient time to refer the audit debt (if necessary) within this period. Referrals are made through the Section Chief, with appropriate coding sheets or referral forms completed.

The Collection Specialist keeps a record showing the status of each audit under his or her responsibility by annotating the listing from the Division of Compliance Management. Notes indicating actions taken, with dates, are entered on the listing; for example: to show the status of each audit under their area of responsibility, i.e., contacted the operator on (date)--no payment received, review for issuance of an NOV/CO (date); referred to Payco on (date); attempted to contact the operator on (debts)--no success referred to Payco on (date); telephone attempts unsuccessful (dates), letter sent on (date), no payment received, referred to Payco on (date); contacted operator on (date), payment received on (date) etc.

The Collection Specialist submits the annotated listing to the Section Chief 30 days from the date the audit listing was signed for and accepted by DDM.

4.5.9.3.1 Successful Collection (Audits)

Operators are instructed to send their payments (personal check, certified check, cashier's check, or money order) to the Mellon Bank audit lockbox at:

U.S. Department of the Interior
Office of Surface Mining Reclamation
and Enforcement
Division of Compliance Management (Audit)
P.O. Box 371794M
Pittsburgh, PA 15251-7794

The History Sheet is documented to show actions taken and to specify that the debtor was instructed to send a personal check, certified check, cashier check, or money order as payment to the Audit lockbox.

The Collection Specialist must contact the Division of Compliance Management (DCM) to verify payment. The amount collected is documented on the History Sheet and the Internal Collection Form (Exhibit 4-4) is completed to update the Audit Delinquent Debt Tracking System.

On occasion, even though instructed otherwise, an operator may send a payment directly to the Branch of AML Collections. In such cases, the check will be treated as a misdirected payment by the Division of Debt Management and will be sent on to the lockbox. The AML Collection Branch is not notified of this payment until it is processed through the lockbox and applied to the AML system.

4.5.9.3.2 Unsuccessful Collection

If successful collection is not achieved within 30 days after contact with the operator, the case is reviewed for issuance of an NOV/CO and referred (through the Section Chief) to the private collection contractor and/or to the Solicitor with appropriate coding and referral sheets completed.

4.5.9.4 Tracking

Collection Specialists must maintain an individual "tickler file" or tracking system for each audit case assigned to assure that:

- Contact with the operator is made within 30 days.
- If contact is not made within 30 days, the case is reviewed for issuance of an NOV/CO, referred to the private collection agency or to the Solicitor.
- If contact is achieved within 30 days, full payment or the execution of a settlement agreement must be accomplished within 30 days of the contact or the case is reviewed for issuance of an NOV/CO, referred to the private collection contractor or to the Solicitor.

4.5.9.5 Documentation

Collection Specialists must maintain complete and accurate case files, document the case History Sheet, assure that all coding and referral sheets are completed, and the information is entered on the AML Delinquent Debt Tracking System and the Audit Debt Tracking System.

EXHIBIT 4-1

DIVISION OF ASSESSMENTS AND COLLECTIONS - HISTORY SHEET

OPERATOR:	MSHA ID NUMBER:
Badger Coal Company	3604117 01 S

DATE	HISTORY
/2/88	Rec'd Bills Register. Mary Kucklebuck. Badger Coal owes for qtr. 883 - $1,005.39 and qtr. 884 - $894.15. Called company (412 893-2224) Detailed debt owed and informed company that they are also NR for qts 871 - 874. Required payment and submission of NR OSM-1's by 2/3/88. Informed company of AML Lockbox address and requirement for personal/certified check or money order. Follow-up by 1/31/88 on payment.
/31/88	Researched AML system. No payment. Prepared case for referral to Fayco for collection. M.H.
/15/88	Case sent to Fayco. M.H.
/5/88	Case returned from Fayco for Refusal to Pay (RFT) M
/9/88	Case prepared for referral to SOL for further collection. M.H.
/15/88	Referral to SOL signed. M.H.

(over)

3120
AML-9

David C. Klementik
Windber High Standard Coal Co.
1210 Graham Avenue
Windber, PA 15963

Dear Mr. Klementik:

Enclosed is a payment agreement for the past due reclamation fees for Windber High Standard Coal Co. (Audit No. 880101044). Please sign this agreement and return it to the address below:

Leslie Schumann, Chief
Branch of AML Collections
1951 Constitution Ave. N.W.
Washington, DC 20240

Any questions you may have regarding this agreement should be directed to Gladys Miller of my staff at (202) 653-2971.

Sincerely,

Chief, Branch of AML Collections

bcc:
OSMRE Subject
OSMRE Read
RDIM
DDM
BOC
OSMRE:DDM:G.MILLER:CAN:11/08/88:653-2946:WINDBER

EXHIBIT 4-2

INSTALLMENT AGREEMENT

Windber High Standard Coal Co., (hereinafter referred to as "Company") and the Office of Surface Mining Reclamation and Enforcement, United States Department of the Interior (hereinafter referred to as "OSMRE"), hereby enter into the following stipulations and agreements:

1. Company has failed to pay reclamation fees (hereinafter referred to as "fees") totaling $75,238.19 for coal produced at its mine(s) designated by MSHA No.(s). 3601533,01,S during the calendar quarters ending March 31, 1986, June 30, 1986, September 30, 1986, December 31, 1986, March 31, 1987, June 30, 1987, September 30, 1987, December 31, 1987 and March 31, 1988, and for MSHA No. 3607890,01,S during calendar quarters ending December 31, 1987, and March 31, 1988, (audit No. 880101044). As of December 31, 1988, administrative cost, penalties, and interest due on these delinquent fees total $11,913.79.

2. Company agrees to pay the total outstanding indebtedness of $87,151.98, plus interest and penalties accruing on the delinquent fees at the rate provided by law during the term of this agreement.

3. Company agrees to make equal monthly payments of $3,500 each, beginning on or before December 31, 1988, and on or before the last day of each and every succeeding month, plus a final payment on or before December 31, 1990, equal to the unpaid balance and any interest thereon. Each payment shall be applied to the oldest calendar quarter for which fees

are owed at the time of the payment. Within each quarter, payments shall be applied in the following order: administrative costs, accrued penalties, accrued interest, and principal.

4. Company agrees to report and pay promptly all reclamation fees owed OSMRE during the course of this agreement and to comply fully with the Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. Section 1201 et seq., and all regulations promulgated pursuant to it.

5. During the course of this agreement and as long as Company is in full compliance with the terms of this agreement, OSMRE will not take any enforcement action against Company for its failure to pay the past-due fees identified in paragraph 1 above.

6. Payments shall be made by certified check, cashier's check, or money order drawn to the order of "Office of Surface Mining Reclamation and Enforcement" and mailed to: Office of Surface Mining Reclamation and Enforcement, P.O. Box 371794M, Pittsburgh, PA 15251-7794.

7. Time is of the essence in the payment of the sums due OSMRE. Upon failure to comply with any of the terms of this agreement, including each due date for payment, Company shall have five (5) days to cure such default. Thereafter, if Company has not cured said default, the entire principal balance outstanding under this agreement, plus administrative costs, penalties, and interest shall become immediately due and payable.

Thereupon OSMRE may exercise any and all further legal remedies available

to it, including the issuance of a notice of violation or cessation order or the denial, suspension, or revocation of the Company's mining permit(s) for failure to pay reclamation fees.

8. The failure of OSMRE at any time to require performance of any provision herein shall not affect OSMRE's right to require full performance thereof at any time thereafter. The waiver by OSMRE of any default shall not constitute a waiver of any subsequent default and the exercise or non-exercise or any remedy by OSMRE shall not bar the exercise of any other remedy or remedies that may be available to OSMRE.

DATE_____ _____
FOR THE COMPANY

_____
TITLE

_____
FOR OSMRE

_____
TITLE

DATE_____

EXHIBIT 4-3

AML DELINQUENT DEBT INTERNAL CONTACT RECORD

NAME: _____ INITIALS: _____ DATE: _____

Company	Bill No.	Bill Date	Mine ID	Qtr.	Amt. Due	Contact Date
Capin Mining, Inc			3605132020	882	$4871.43	2/10/89
				883	$5,221.88	2/10/89
				884	$6,667.84	2/10/89

INPUT BY: _____ DATE: _____

EXHIBIT 4-4

INTERNAL COLLECTIONS
BRANCH OF AML COLLECTIONS

NAME: Pearl Davis INITIALS: pd DATE: 2/2/89

COMPANY	BILL NO.	BILL DATE	MINE ID.	QTR.	AMT. OWED	AMT. OF CHECK	DATE REC'D	INST. PLAN	PIF	COMMENTS
Robert R. Burgess	870243101	3/1/88			$468.69	$501.29	2/2/89		✓	overpayment of $32.60
Amak Coal	880243102	6/28/88			$721.05	-0-	1/11/89			adjustment by DCM (see attached Query) adjust to '0'

APPROVED: _____ DATE: _____ INPUT BY: _____ DATE: _____

5. OFFSET/REFUND PROCEDURES

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CHAPTER 5 - OFFSET/REFUND PROCEDURES

5.1 PURPOSE

The Office of Surface Mining Reclamation and Enforcement (OSM) is responsible for administering the Abandoned Mine Land Reclamation Fund. Overpayment of fees to the Fund must be offset to other debt owed to OSM, if any, before it is refunded to the operator. This section establishes guidelines and procedures for offsetting and/or refunding overpaid AML fees.

5.1.1 References

(1) Department of the Interior Departmental Manual, Part 344, Debt Collection

(2) The Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. 201 et seq.

(3) The Debt Collection Act of 1982, 31 U.S.C. Section 3716

5.1.2 Scope

These procedures are internal and apply to all Division of Financial Management (DFM), Branch of AML Fee Collections, Division of Compliance Management, Branch of AML Collections, and Branch of Civil Penalty Collections employees processing AML fees and AML audit debt for offset and/or refund.

5.1.3 Responsibility

The Branch of AML Fee Collections, DFM, is responsible for maintaining the AML data base and for identifying, verifying, and processing AML overpayments for offset and/or refund.

The Division of Compliance Management is responsible for identifying, verifying, and processing all AML Audit overpayment for offset and/or refund.

The Branch of Civil Penalty Collections is responsible for identifying, verifying, and processing AML overpayment for civil penalty offset and/or authorized refund.

The Branch of AML Collections is responsible for notifying the responsible office of AML overpayments identified through internal collection activities, or notification from the operator/permittee, and for verifying and processing audit overpayments for offset and/or refund.

5.2 OFFSET/REFUND PROCEDURES

Operators/permittees may make overpayments of AML fees and/or AML audit debt. In such cases, the money is to be offset and/or refunded. (Refunds of less than $200 are not processed unless specifically requested by the operator.) The offset/refund process involves research and verification by the following OSM offices:

(1) Branch of AML Fee Collections, DFM
(2) Division of Compliance Management
(3) Branch of Civil Penalty Collections, DDM
(4) Branch of AML Collections, DDM

5.2.1 Denver Branch of AML Fee Collections

Monies paid by operators/permittees for AML fees are sent to the Mellon Bank lockbox in Pittsburgh, PA. Mellon forwards a copy of the check

and any accompanying documentation to the Denver Branch of AML Fee Collections. The Branch of AML Fee Collections, DFM, enters the information on the AML database and generates an Outstanding Refunds Report quarterly (Report No. LF7-520) (Exhibit 5-1). This report is filed alphabetically in the computer system by company name and lists the Mine ID, check number, check date, amount paid, amount owed, and refund due. The Branch of AML Fee Collections, DFM, verifies the data on the Outstanding Refund Report by checking the Alpha Mine List (a list of mine operators by name) to determine all Mine ID numbers for the company. If debt is owed on a Mine ID, the refund is applied to the oldest quarter showing debt. This may dissolve the full amount of the refund due. If so, the Branch of AML Fee Collections, DFM, will enter this information into the AML computer system and remove the operator from the Outstanding Refunds Report. However, if further refund money remains, it is applied to any debt for subsequent quarters until either the refund is exhausted or all AML debt is paid in full. If money remains after application to all debt in the AML system, a refund remains on the AML system and further offset is investigated against audit debt and civil penalty debt as specified below.

5.2.2 Division of Compliance Management

If the Branch of AML Fee Collections, DFM, determines that an overpayment has been made and there is no debt in the AML system, a Refund Authorization Request Memo (Exhibit 5-2) is sent to the Division of Compliance Management. The Division of Compliance Management researches

its Audit Debt computer system (an Alpha Mine list by operators) to identify any outstanding audit debt. The refund is applied to the oldest audit debt until the refund is exhausted or all audit debt is paid. The Refund Authorization Request Memo is signed by the Chief, Division of Compliance Management. The original copy of the Refund Authorization Request Memo indicating that portion of funds applied to the audit debt is sent to the Branch of AML Fee Collections, DFM, and the company is removed from the Outstanding Refund Report. The Division of Compliance Management enters the offset on its computer system and notifies the mine/operator permittee of the audit debt offset (in writing, in accordance with the Debt Collection Act of 1982).

NOTE: The Division of Compliance Management may also initiate refund action as a result of an overpayment in the AFBACS. If the Division of Compliance Management identifies a refund due for delinquent audit debt that has been forwarded to the Branch of AML Collections, a memorandum is sent to the Branch of AML Fee Collections, DFM, through the Branch of AML Collections requesting the refund. The Branch of AML Collections verifies the refund, initials concurrence, and forwards the memorandum to the Branch of AML Fee Collections, DFM, for appropriate action.

5.2.3 Branch of Civil Penalty Collections

If the Division of Compliance Management does not identify any audit debt or if there is remaining refund money after application to an audit debt, the Refund Authorization Request Memo is initialed and forwarded to the Chief, Branch of Civil Penalty Collections. The Branch of Civil Penalty

Collections researches the company (through the CMIS Alpha listing and individual case files) to identify any outstanding civil penalties. If penalties are found, the refund is offset to the oldest owing civil penalty. The Branch of Civil Penalty Collections notifies the Branch of AML Fee Collections, DFM, by sending a copy of the Refund Authorization Memo indicating that portion of the refund applied to civil penalties. The Branch of AML Fee Collections, DFM, removes the company's name from the Outstanding Refunds Report. The Branch of Civil Penalty Collections updates CMIS to reflect the offset and notifies the mine operator/owner (in writing, in accordance with the Debt Collection Act of 1982).

If no civil penalties are found, the Branch of Civil Penalty Collections initials the Refund Authorization Request Memo and returns it to the Branch of AML Fee Collections, DFM. On receipt, the Branch of AML Fee Collections, DFM, forwards the Refund Authorization Request Memo to the Division of Financial Management for processing and issuance of the refund check.

5.2.4 Branch of AML Collections

When an overpayment is identified and verified by internal collection activities, the Collection Specialist determines if there are any outstanding AML fees owed by the company. The overpayment is offset to the oldest quarter(s) showing debt (until the overpayment is exhausted) by coding OSM Form 121-C (see Section 9). Form 121-C is submitted, through the Section Chief, for approval by the Chief, Branch of AML Collections.

The original approved Form 121-C is sent to the Denver Branch of AML Fee Collections for appropriate action. A copy of the approved Form 121-C must be placed in the corresponding case file.

When there is remaining overpayment money, the Collection Specialist writes a memorandum from the Chief, Branch of AML Collections to the Chief, Branch of AML Fee Collections, DFM, notifying that office of the company, mine ID, quarter, and overpayment amount. The Branch of AML Fee Collections, DFM, takes appropriate action, as outlined in Section 5.2.1 above, to assure that any, AML, AML Audit debt or civil penalties owed are offset before issuing a refund for the overpayment.

5.2.4.1 Documentation

The Collection Specialist must assure that the History Sheet is fully documented, coding sheets completed, and that the case file is complete and accurate.

PGM: LF7520/LF752060 OFFICE OF SURFACE MINING VERS 3 REPORT NO. LF7-520

RUN DATE 07/16/88 OUTSTANDING REFUNDS PAGE 63

COMPANY NAME SEQUENCE

MINE ID SQ T YR Q	D.T. NUMBER	POSTMARK DATE	TONNAGE REPORTED	N S	CHECK AMOUNT	D V	CALCULATED FEE	FEE & INT PAID	OTHER CHRG PAID	REFUND PAID	REFUND DUE
********** COMPANY NAME - EAST GULF MINING											
	86030615	03/03/86			3,925.08						
	86042167	04/16/86			2,000.00						
	86051240	05/07/86			2,000.00						
	86060932	06/03/86			2,000.00						
	86071497	07/08/86			2,000.00						
	86080869	08/04/86			1,038.24						
	QUARTERLY TOTALS		74017.00		12,963.32		11,102.55	12,309.77			653.55
4604723 02 U 85 1	38599905	09/26/85	82271.00								
	86080869	08/04/86			961.76						
	86090838	09/03/86			2,000.00						
	86101427	10/07/86			2,000.00						
	86111098	11/04/86			2,000.00						
	86120547	12/02/86			2,000.00						
	87011294	01/07/87			2,000.00						
	87020636	02/03/87			2,000.00						
	87030996	03/04/87			2,000.00						
	87041053	04/08/87			286.29						
	QUARTERLY TOTALS		82271.00		15,248.05		12,340.65	14,037.75			1,210.30
4604723 02 U 85 2	38599905	09/26/85	61377.00								
	87041053	04/08/87			1,713.71						
	87050808	05/04/87			2,000.00						
	87060551	06/02/87			2,000.00						
	87071316	07/08/87			2,000.00						
	87080707	08/04/87			2,000.00						
	87091413	09/09/87			2,000.00						
	87101310	10/07/87			86.47						
	QUARTERLY TOTALS		61377.00		11,800.18		9,206.55	10,733.58	38.00		1,028.60
4604723 02 U 85 3	86030615	03/03/86	57725.00								
	87101310	10/07/87			1,913.53						
	87111009	11/06/87			2,000.00						
	87121515	12/11/87			1,216.98						
	87122223	12/17/87			6,273.75						
	QUARTERLY TOTALS		57725.00		11,404.26		8,658.75	10,261.91	38.00		1,104.35

COMPANY NAME SEQUENCE

MINE ID SQ T YR Q	D.T. NUMBER	POSTMARK DATE	TONNAGE REPORTED	N S	CHECK AMOUNT	D V	CALCULATED FEE	FEE & INT PAID	OTHER CHRG PAID	REFUND PAID	REFUND DUE
********** COMPANY NAME - EAST GULF MINING											
	86030615	03/03/86			3,925.08						
	86042167	04/16/86			2,000.00						
	86051240	05/07/86			2,000.00						
	86060932	06/03/86			2,000.00						
	86071497	07/08/86			2,000.00						
	86080869	08/04/86			1,038.24						
	QUARTERLY TOTALS		74017.00		12,963.32		11,102.55	12,309.77			653.55
4604723 02 U 85 1	38599905	09/26/85	82271.00								
	86080869	08/04/86			961.76						
	86090838	09/03/86			2,000.00						
	86101427	10/07/86			2,000.00						
	86111098	11/04/86			2,000.00						
	86120547	12/02/86			2,000.00						
	87011294	01/07/87			2,000.00						
	87020636	02/03/87			2,000.00						
	87030996	03/04/87			2,000.00						
	87041053	04/08/87			286.29						
	QUARTERLY TOTALS		82271.00		15,248.05		12,340.65	14,037.75			1,210.30
4604723 02 U 85 2	38599905	09/26/85	61377.00								
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	87060551	06/02/87			2,000.00						
	87071316	07/08/87			2,000.00						
	87080707	08/04/87			2,000.00						
	87091413	09/09/87			2,000.00						
	87101310	10/07/87			86.47						
	QUARTERLY TOTALS		61377.00		11,800.18		9,206.55	10,733.58	38.00		1,028.60
4604723 02 U 85 3	86030615	03/03/86	57725.00								
	87101310	10/07/87			1,913.53						
	87111009	11/06/87			2,000.00						
	87121515	12/11/87			1,216.98						
	87122223	12/17/87			6,273.75						
	QUARTERLY TOTALS		57725.00		11,404.26		8,658.75	10,261.91	38.00		1,104.35

EXHIBIT 5-2

UNITED STATES DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING
Reclamation and Enforcement
P.O. Box 25065
Denver Federal Center
Denver, Colorado 80225

Date: _____

Memorandum

TO: Division of Financial Management, Denver, CO

THRU: Division of Debt Management, Washington, D.C.

THRU: Division of Compliance Management, Washington, D.C.

FROM: Branch of AML Fee Collections, DFM, Denver, CO

SUBJECT: REFUND AUTHORIZATION REQUEST

Based on review of our records, we request your approval to issue a refund for the mine operator cited below:

Operator: _____

Address: _____

_____ ____ _____

MINE ID: _____ - ___ - __ YEAR AND QUARTER: _____ - __

TONNAGE REPORTED: _____.__ TONNAGE RATE: .____

CALCULATED AMOUNT OWED (including any interest, penalty, or other charges): $ _____.__

TOTAL PAYMENT(S) RECEIVED: $ _____.__

REFUND DUE: $ _____.__

REMARKS: Current Status: ____ Prior Status: ____

_____ _____
Signature of person completing this form Date

Refunds over $200.00 require a check for a possible offset against outstanding Audit Fees and Civil Penalties:

If you concur with our request, finding no outstanding Audit Fees or Civil Penalties for this company, please sign and return the original authorization to us. If you request some other action be taken, please indicate below or on a separate memorandum.

I hereby authorize your office to issue a refund for the amount cited above.

_____ _____
Chief, Div. Compl. Mgmt. Date

_____ _____
Chief, Div. Debt Mgmt. Date

_____ _____
Chief, Branch of AML Fee Collections Date

_____ _____ _____
Chief, Programmatic Acctg. Section Voucher Number Date Paid

6. REFERRAL TO PRIVATE COLLECTION CONTRACTOR

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6. REFERRAL TO PRIVATE COLLECTION CONTRACTOR

6.1 PURPOSE

The Debt Collection Act of 1982, as amended, provides for the use of private collection firms to facilitate Federal agencies in recovering debts owed to the Government. This section establishes uniform procedures and guidelines for identifying, controlling, and managing delinquent AML fee accounts referred to a private collection agency.

6.1.1 References

(1) The Surface Mining Control and Reclamation Act of 1977 (SMCRA), 30 U.S.C. 201 et.seq.

(2) The Debt Collection Act of 1982.

(3) Federal Claims Collection Act of 1966, 31 U.S.C. 1355 and 1395.

(4) General Services Administration Federal Supply Schedule, Basic Edition, January 12, 1988 (Debt Collection Services).

(5) Settlement Guidelines, OSM Directive No. 485, 11/15/88.

(6) Abandoned Mine Land (AML) Fee Citations, OSM Directive No. 501, 12/22/88.

6.1.2 Scope

These procedures are internal and are applicable to employees in the Branch of AML Collections.

6.1.3 Responsibility

The Branch of AML Fee Collections, DFM, is responsible for processing AML payments and compiling a listing of outstanding AML debts. In addition, DFM is responsible for issuing payment to the debt collection contractor for their services as invoiced.

The Division of Compliance Management (DCM) is responsible for referring all delinquent audit debt to the Branch of AML Collections.

The Branch of AML Collections is responsible for determining whether a delinquent debt (either AML Outstanding Bill Register or AML Audit) should be referred to a private collection agency or referred to the Office of the Solicitor, Field Office Staff, for collection.

6.2 PROCEDURES FOR REFERRING ELIGIBLE DELINQUENT ACCOUNT

After a debt has gone through internal analysis and unsuccessful internal collection efforts and review for issuance of an NOV/CO (See Section 4), the account is eligible for referral to a collection contractor.

The Collection Specialist should research all case files and source documents relating to the debtor to assure that the AML debt is properly assessed and to ascertain the current status of each debt.

6.2.1 Preparation of Appropriate Referral Form

The Collection Specialist will complete a referral form for each type of delinquent account (AML Audit or AML Outstanding Bills Register) being sent to the collection contractor. Use the form shown in Exhibit 6-1 (Payco Referral - first referrals) and 6-1A (Credit, Claims, and Collections Referral - second referrals) for AML Audit Debt referrals and the form shown in Exhibit 6-2 (Payco Referral) and 6-2A (Credit, Claims, and Collections Referral) for AML Outstanding Bills Register referrals. Specify the name of the collection contractor on each referral; i.e., Payco or Credit Claims and Collections. Exhibits 6-1B, 6-2B, and 6-2C provide guidance for completion of the forms.

6.2.2 Blanket Purchase Order and Cover Memorandum

Blanket Purchase Agreement (BPA) HQ51-D089-31100 incorporates all delivery orders placed with Payco (first referrals) under contract No. GS00F03005. All referrals to Payco are initiated by the Branch of AML Collections in writing. The cover memorandum (Exhibit 6-3) transmits the referral order and indicates the number and monetary total of the accounts, as well as the sequential "Call Number" for the batch. The Chief, Branch of AML Collections and the Chief, AML Debt Processing Section are designated as approving officials for order placements with Payco.

Mail all accounts to:

First Referral	Second Referral
Payco-General American Credits, Inc. Suite 314 8100 Professional Place Landover, MD 30785	Nationwide Credit, Inc. d/b/a Credit Claims and Collections 4763 Buford Hwy., Suite 2000 Atlanta, GA 30341

6.2.3 System Update and Recordkeeping

The Collection Specialist must assure that all accounts are properly coded (see Section 9) and input on the AML data base and/or the AML Delinquent Debt Tracking System or Audit Delinquent Debt Tracking System, that a copy of the referral form is placed in the appropriate case file, and that all case file History Sheets are properly documented.

6.3 CONTRACTOR COLLECTION PROCEDURES

Upon receipt of a work order and account batch, the contractor has 180 days to collect the debt. If collection is not successful, the account will be returned to OSMRE with the contractor's recommendation for disposition.

6.3.1 Payment Types

The contractor shall effect payment of the debt and shall compute the amount of the collection fee plus the up-to-date interest, penalty, and administrative charges for collecting the debt. The contractor may either arrange the immediate payment of the entire outstanding balance or implement a repayment schedule approved by OSM. (See Settlement Guidelines, OSM Directive #485, 11/15/88.)

6.3.1.1 Lump Sum Payment

The total amount owed by the debtor including the collection fee, principal, interest, penalty, and administrative costs should be collected in full, in one lump sum payment.

6.3.1.2 Installment Payments

The contractor must notify OSM of any requests by a debtor for an installment payment plan. (See Settlement Guidelines Directive #485 dated 11/15/88.)

(1) The Collection Specialist will personally contact the debtor and obtain financial statements. If the Collection Specialist determines that an installment plan is warranted, a written agreement, signed by the debtor and appropriate OSM officials, will be executed with a copy provided to the contractor. The written agreement will cover all the terms of the arrangement and will specify that payments are to be made to the Collection Contractor's Post Office Box.

(2) The size and frequency of the installment payments must be related to the debtor's ability to pay and should be sufficient to liquidate the debt in no more than 1 year.

6.3.1.3 Compromises

The collection contractor <u>does not</u> have the authority to compromise claims or adjust the outstanding balance of an account. All compromises or adjustments must be approved by OSM, with concurrence of the Solicitor, as specified in the Settlement Guidelines Directive No. 485, dated 11/15/88.

6.3.2 Payment Processing

Debtor payments are sent to the collection contractor's P.O. Box. The collection contractor deposits the checks in the Treasury General Account (TGA), and sends the "original confirmed" copy of the Deposit Ticket to the Division of Financial Management (DFM) and a copy of the Deposit Ticket (and a copy of any checks) to the Branch of AML Collections, P.O. Box 7267, Washington, D.C. 20044.

6.3.3 Payment Verification

The Collection Specialist verifies the payments and notifies DFM (OSM, Division of Financial Management, Branch of Accounting, P.O. Box 25065, Bldg. 20, Room D2025, Denver, Colorado 80225) and the Division of Compliance Management (when an audit payment is made) via the "Payco Weekly Reconciliation Report" (Exhibit 6-4) or "Credit, Claims, and Collections Weekly Reconciliation Report" (Exhibit 6-4A). DFM is notified via the Payco Weekly Reconciliation Report (Exhibit 6-5) or Credit Claims and Collections Weekly Reconciliation Report (Exhibit 6-5A) of specific account designations for Outstanding Bills Register payments. If no payment is received during the week, a "Negative" Report is sent. See Exhibit 6-6 for a Flowchart of Collection Contractor payments.

6.3.4 Invoicing

The collection contractor will submit a monthly invoice to OSM. All invoices must specify Purchase Order HQ51-D089-31100. In addition, the invoices should include:

(1) Total amount collected;

(2) Collection fee rate;

(3) Amount of the collection fee;

(4) Amount adjusted for returned items;

(5) Total amount due from OSM.

Upon receipt of the invoice, the Collection Specialist will verify that the amount reported as collected and the collection fee charged by the collection contractor reconciles with OSM records. Any differences should be resolved immediately. The collection fee guidelines are presented in Section 6.4 below. Upon approval by the Branch Chief, the Collection Specialist forwards the verified invoice along with the Summary of Payco Invoices Worksheet (Exhibit 6-7) to DFM for payment by OSM within 30 days of the date of the invoice. The Branch of AML Collections will forward a list (by the 15th of each month) of all orders placed and a copy of all invoices submitted and paid (See Exhibit 6-8) to the Chief, Branch of Procurement.

6.4. COLLECTION FEE GUIDELINES

The Branch of AML Collections Fee Guidelines specify the method of determining the fee due the collection contractor and the items exempt from payment.

6.4.1 Full Payment by Debtor

If the contractor recovers the full amount of the debt referred, the contractor is paid on the full amount collected.

6.4.2 Installment Payments by Debtor

If the contractor collects the debt in installments, the contractor is paid a fee only on the amount collected in each installment. The contractor is not to be paid on amounts for which payment is promised but not yet received.

6.4.3 Items Exempt from Payment

The contractor will not be paid for the following:

(1) Collections received by OSM prior to the contractor's first attempt to contact the debtor.

(2) Collections received by the contractor after the debt is returned to OSM, even if the debt was in repayment status upon return.

(3) Collections received by OSM after the contractor's first attempt to contact a debtor, providing that these collections are clearly identifiable as having been prompted by administrative, salary, or IRS tax refund offset by OSM.

6.5. SECONDARY REFERRALS

The Collection Specialist will determine accounts eligible for secondary referral from accounts that have been returned from the first referral contractor when there is a potential for collectability. Secondary referrals should be made within 5 days after return from the collection contractor.

6.5.1 Eligibility Criteria

The following criteria, though not all inclusive, may be used as a guide in determining whether to refer a debt to the second collection contractor:

(1) Debtor unlocatable (skip);

(2) Refusal to pay;

(3) Further assessment of debtor's inability to pay;

(4) Account not fully resolved by first collection contractor (as stated in the GSA Federal Supply Schedule - Debt Collection Services); and,

(5) Collection performance of the first collection contractor is not satisfactory (e.g., unusually low recovery rates).

6.5.2 Secondary Referral Procedures

Accounts that have been returned from the first referral collection contractor should be analyzed to identify potential collection opportunities. These accounts may be referred to a collection contractor for a second attempt to effect collection. All secondary referrals must comply with the procedures contained in this Section and the GSA Federal Supply Schedule (Debt Collection Services).

REFERRAL TO PAYCO
(AUDIT)

EXHIBIT 6-1

DATE SENT: December 7, 1988

Call No. ___A, Page___of___

Company	Bill No.
Woods Creek Corporation P.O. Box 336 London, KY 40741	889241047

Bill Date: 06/01/88	
Rec. Fee Due	$3,058.84
Int. Due	-0-
Penalty Due	-0-
Total Amount Due	$3,058.84

Amount Due as of: 11/30/88		
Rec. Fee	$3,058.84	
Interest	107.00	(.07)
Penalty	95.00	(.06)
Adm. Cost	38.00	
Total Amt. Due	$3,298.84	

Date Returned: _____

Further Action: _____

Total Amount Collected: _____

Principal _____
Interest _____
Penalty _____
Adm. Cost _____
Collection Fee _____

Comments: Severance Audit (Invoice Attached

Please note: Dawn Coal Corporation
P.O. Box 33
Manchester, KY 40962-0033

Dawn Coal Corp. has in the past made payments on behalf of woods Creek Coal.

REFERRAL TO CREDIT, CLAIMS AND COLL
(AUDIT)

DATE SENT: 12/7/88

Call No. ____B, Page ____of____

Company
Clen Coal Company, Inc.
6969 Highpoint St.
Smith, KY 40741

Phone No. (606) 439-4853

Bill No.
889561074

Bill Date: 6/1/88

Rec. Fee Due	$4,698.62
Int. Due	
Penalty Due	
Total Amount Due	

Amount Due as of: 11/30/88

Rec. Fee	$4,698.62	
Interest	450.55	(.07)
Penalty	388.51	(.06)
Adm. Cost	38.00	
Total Amt. Due	$5,575.68	

Date Returned: _____

Further Action: _____

Total Amount Collected: _____

Principal _____
Interest _____
Penalty _____
Adm. Cost _____
Collection Fee _____

Comments: Regular Audit (Invoice Attached)

David Hicks, President 2950 Silver Lane, Hazard, KY (606) 439-3844