

OFFICE OF SURFACE MINING

2004 Annual Evaluation Summary Report

for the

Regulatory and Abandoned Mine Lands
Programs

Administrated by the State of

ILLINOIS

Prepared by:
Indianapolis Field Office
Office of Surface Mining

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Cover page is a photo of the Buck Wheel Excavator at Freeman United Coal Company's Industry Mine

I. Executive Summary

During the 2004 Evaluation Year (EY), the Office of Surface Mining (OSM), Indianapolis Field Office (IFO), conducted oversight evaluations of the Illinois Department of Natural Resources, Office of Mines and Minerals (OMM), Regulatory and Abandoned Mined Land (AML) Programs, administered by the Land Reclamation Division (LRD) and Abandoned Mined Land Reclamation Division (AMLRD) respectively. Oversight activities focused on the success of the agency in meeting Surface Mining Control and Reclamation Act (SMCRA) goals for environmental protection, and prompt, effective reclamation of land mined for coal. A Performance Agreement (evaluation plan) for each program was cooperatively developed by the IFO and the State tailoring oversight activities to the unique conditions of each State program. The purpose of these oversight activities was to identify any need for program assistance to the State to strengthen its programs.

In support of OSM's national initiatives, studies were conducted in the areas of off-site impacts, reclamation success (bond release), and customer service.

- The off-site impacts study indicated that 96.6 percent of Illinois' inspectable units were free from off-site impacts. Although the number of off-site impacts the LRD observed in EY 2004 were more than the previous year, the general trend is still toward fewer off-site impacts. These observations were minor hydrologic and encroachment impacts on land and water resources. The IFO concludes from this evaluation that the LRD administered its Regulatory Program in EY 2004 to effectively protect the public and the environment from adverse impacts caused by surface coal mine operations.
- The IFO's review of 10 bond release actions demonstrated that the LRD continues to follow all program requirements for releasing bonds.
- The IFO's customer service evaluation concentrated on the effectiveness of customer service provided by the LRD in responding to citizen comments received in the permitting process. The IFO reviewed 124 citizen comments/objections to permit actions, including applications for permits, revisions, or renewals received by the LRD between January 1, 2000, and December 30, 2003. Review results indicated that the LRD is complying with requirements relating to section 1773.13 of its regulations, and successfully providing customer service regarding permit action comments. However, the IFO recommended that the LRD be sure brevity of response is not at the expense of clarity and thoroughness.

General oversight topic reviews were conducted during EY 2004, for both the State Regulatory and AML Programs.

- The IFO targeted 35 inspectable units for complete inspections to evaluate LRD effectiveness in protecting the public and the environment from off-site impacts and other on-the-ground problems resulting from surface coal mining and reclamation operations. These inspections were intended to identify the cause and degree of off-site impacts, to direct efforts toward decreasing their occurrence. The IFO performed 31 of the targeted number, the results of which indicated that the LRD administers an effective program meeting SMCRA requirements.

- The IFO continued a cooperative effort with the AMLD, begun in EY 2002, to study the problem of post-construction acid seeps on AML sites. The purpose of this study was to propose solutions to existing problems, and recommend preventive measures for future reclamation projects. The study team progressed toward its goal in EY 2004, completing an inventory of problem sites identifying the problem, and being instrumental in effecting three technology transfer events planned for mid-west AML staff training leading to application of best management practices to resolve acid seep problems. This cooperative effort will continue into the 2005 EY.
- The IFO and OSM Mid-Continent Regional Office personnel having the necessary expertise completed an evaluation begun the previous year, of the AMLRD's use of its Computer Assisted Design (CAD) systems and software in project design development. The purpose of this evaluation was to identify means of increasing efficiency and effectiveness in project design development. As a result of this evaluation, a plan was presented by which to achieve desired efficiency and productivity goals.
- The IFO completed an evaluation of AMLRD Project Cooperative Agreements, as requested by the State. This joint effort between the IFO and AMLRD began in EY 2003, to evaluate the extent to which intended economy and efficiency purposes were served by these agreements. Evaluation findings were that the State's approved reclamation plan provided the appropriate authority, the AMLRD administered these agreements in keeping with federal financial assistance requirements, and that expected economy and efficiency purposes were met.
- In EY 2004, the IFO and the AMLRD completed a comprehensive evaluation of the State's AML Emergency Program to determine potential for enhancement. This activity began in EY 2002 at the State's request, and was expanded in EY 2003 to specifically include an evaluation of the effectiveness of the Program's pit subsidence abatement techniques. Each functional component of the program was analyzed with respect to its operational effectiveness and compliance with all applicable program requirements, including pit subsidence reclamation methodology. The conclusions drawn from this evaluation were that the program was in good order compliance-wise and operating very effectively. One suggestion put forward, however, was that the AMLRD consider updating the national Abandoned Mine Lands Information System (AMLIS) with emergency project information soon after project completion rather than at grant close out, if State accounting systems allow.
- To address a national audit report recommendation issued by the Department of the Interior's Inspector General in 2003, the IFO conducted oversight this review period certifying that the State has in place a system to ensure that data entered into the AMLIS is accurate.

In addition to national initiative, and topical reviews, the IFO engaged in a number of assistance activities during the review period. The primary mode of OSM assistance to Illinois is through grant funding. Illinois was awarded \$2.98 million in EY 2003, providing 50 percent support for its Regulatory Program. OSM provides 100 percent funding for the Illinois AML Program, which totaled \$9.87 million in EY 2003.

OSM provides ongoing technical assistance to State and Tribal programs. One way is by offering a wide range of technical training courses throughout the year. In EY 2004,

several individuals from Illinois' Regulatory and AML Programs attended some of these training courses. Another way is through the Technical Information Processing System and its workstations and software OSM provides for State use in permit processing and engineering evaluations, for example. Still another way is in responding to assistance requests concerning specific matters.

In EY 2004, OSM provided requested assistance to Illinois by furnishing technical assistance with design of a remediation plan for the Tab-Simco AML project in Jackson County. This project involved the discharge of high acidity water from a shallow coal seam underlying a residential neighborhood. Several factors, including landowner issues limiting information gathering, made this a complex project.

II. Introduction

The Surface Mining Control and Reclamation Act of 1977 created the Office of Surface Mining Reclamation and Enforcement in the Department of the Interior. SMCRA provides authority to OSM to oversee the implementation of, and provide Federal funding for, State Regulatory and Abandoned Mine Land Reclamation Programs approved by OSM as meeting the standards specified in SMCRA. This report contains summary information regarding the Illinois program and its effectiveness in meeting the applicable purposes of SMCRA as specified in section 102. This report covers the period of July 1, 2003, to June 30, 2004. Detailed background information and comprehensive reports for the program elements evaluated during the period are available for review and copying at the Indianapolis Field Office of the OSM.

The following acronyms appear in this report:

ACSI.....Appalachian Clean Streams Initiative
 AMD.....Acid Mine Drainage
 AML.....Abandoned Mine Land
 AMLIS..... Abandoned Mine Lands Information System
 AMLRD..... Abandoned Mined Land Reclamation Division
 AOC.....Approximate Original Contour
 AVS.....Applicant Violator System
 CAD.....Computer Assisted Design
 EYEvaluation Year
 GIS.....Geographical Information System
 GPS.....Geographic Position System
 IFO..... Indianapolis Field Office of the OSM
 LRD..... Land Reclamation Division
 NOV..... Notice-of-Violation
 OSM.....U. S. Department of the Interior, Office of Surface Mining
 SMCRA.....Surface Mining Control and Reclamation Act of 1977, PL 95-87

III. Overview of the Illinois Coal Mining Industry

Coal Resources

Coal underlies 60 to 70 percent of the State of Illinois' 37,000 square miles of land area, and is part of a geologic structure known as the Illinois Coal Basin. The Illinois Basin also extends into western Kentucky, and southwestern Indiana. Illinois possesses a rich and abundant coal resource, in the Pennsylvania bedrock, usually between 200 and 900 feet below ground and is found in layers, or seams, 4 to 8 feet thick. Most of the coal production in Illinois comes from two of these coal seams, referred to as the #5 and #6 seams. This resource has yielded several billion tons of coal since mining began in Illinois. The recoverable coal reserve remaining in Illinois is estimated to be about 30 billion tons. This reserve accounts for almost one-eighth of the total U.S. coal reserves and one-quarter of the nation's bituminous coal reserves. Most of the coal in Illinois is bituminous, with high-energy values.

Illinois Coal Values

Value	High	Low
Moisture Content	20%	5%
Heating Value in BTU	15,000	11,000
Ash Content	14%	6%
Sulphur Content	7%	0.5%

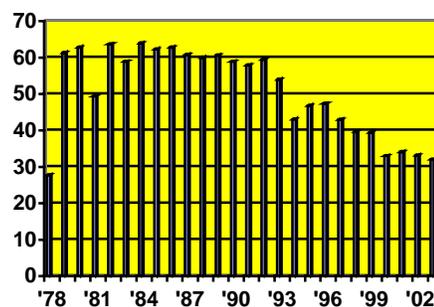
Historical Highlights

The first discovery of coal in North America was in Illinois by French explorers, Marquette and Joliet, in 1673, who observed coal outcroppings along the Illinois River. However, it was not until the early 1800's that settlers began to mine outcropped coal for domestic use. Coal mining became more extensive, and in about 1848 the first underground mining operation took place in Belleville, Illinois. With the advent of the Illinois Central Railroad in the 1850's, coal production greatly increased as larger markets had become available. With the Civil War, Illinois railroads grew tremendously, and coal mining in Southern Illinois grew rapidly as well. Since that time, coal mining and its indirect economic effects have been a major component of the Illinois economy.

Coal Production and Usage

Illinois has historically been one of the larger coal producing states in the nation, and was ranked ninth largest producer of coal in the United States in 2002. The adjacent graph depicts coal production in recent years, showing a general decline since the mid-eighties. In the past three years, coal production has been around 32 million

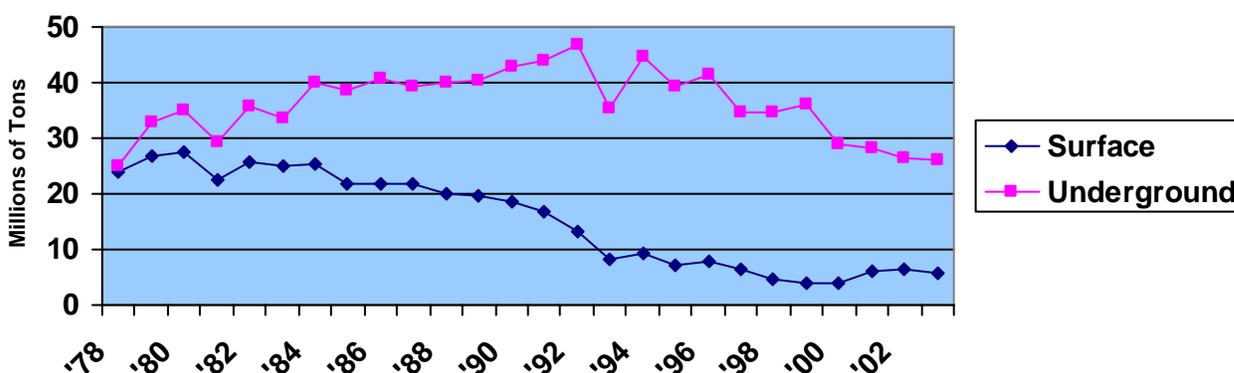
Illinois Coal Production Per Year
(Millions of Tons)



to 35 million tons per year (see Appendix A, Table I), representing the lowest level of production in the last seventy years. In 2004, coal production came from 12 underground mines and 6 surface mines located in 13 counties.

Historically, the vast majority of Illinois coal production has been from underground mines. In 1993, 81 percent of Illinois' coal production was from underground mines; in 1998, 88 percent; and in 2003, 82 percent. According to the National Mining Association's survey of major U.S. mines, 8 Illinois mines were among the country's major producing coal mines. Seven of these were underground mines.

Surface and Underground Production 1978 - 2003



Illinois is one of the leading energy producers in the United States. Over 85 percent of Illinois coal production is purchased by the electric utility industry. Industrial, residential, and commercial users account for the remaining 15 percent. Roughly 65 percent of Illinois coal is sold to out-of-state utilities. Illinois utilities typically utilize 14 million tons of Illinois coal each year. Because Illinois coal is relatively high in sulfur, most of the electric utilities burn a combination of local and lower sulfur out-of-state coal to meet the requirements of the national Clean Air Act.

IV. Overview of the Public Participation Opportunities in the Oversight Process and the State Program

IFO Oversight Outreach and Public Participation Activities

During EY 2004, the IFO continued the use of the OSM tracking system started last year, which helped facilitate the public participation process. This plan provided a systematic means of tracking all citizen interactions to ensure timely follow up, both with citizens and with OSM itself. The IFO also continued to use its citizen complaint guide, a 5 ½ by 8 ½ inch card outlining information about how to report current or past coal mining problems.

The OSM website, <http://www.mcrc.osmre.gov/Indianapolis/indianap.htm> contains IFO's current year Performance Agreement with the State, along with the established

scope of work for each agreement element. Additionally, the most recent IFO Annual Report is available, describing the IFO's responsibilities and its relationship with the Office of Mines and Minerals. Information about how to report a problem to either the IFO or the LRD is also on the website. Further, the site contains information about other activities of OSM and the LRD that may be of interest.

Illinois Department of Natural Resources, Office of Mines and Minerals Public Participation Activities

The OMM continues to make information available to the public concerning its Regulatory and AML Programs, as well as information to educate citizens of their rights in surface coal mining and reclamation matters. The OMM maintains a web site containing program related information, and makes available to the public the publications listed below. The OMM has for several years participated in a variety of events, including Earth Day programs, Conservation Fairs, Eco-Meets, Coal Awareness Day, teacher education workshops, and classroom presentations. In 2004 the OMM participated in several Summer Day Camps for grade school children as well.

The OMM's educational materials include the "Mining, Minerals, and Reclamation Jeopardy" game and a Teacher Education packet, which provides a comprehensive list of resources available for teachers. In EY 2004, OMM personnel brought the State's mineral and rock exhibit trailer to the Indiana Coal Education Conference held in Terre Haute, Indiana, and have been invited to do so again next year. While many of the OMM educational programs are oriented toward school age children, several thousand people of all ages visit OMM's exhibits at the two annual Illinois State Fairs.

The OMM successfully implements the required public participation provisions of all aspects of its Regulatory and AML Programs. In addition to addressing the required provisions of public participation, Illinois has taken a pro-active position regarding outreach and the distribution of information to all stakeholders. Illinois continues to be pro-active in meeting controversial situations head on. It routinely conducts meetings and gathers public input when significant questions arise about a program area under its jurisdiction.

The following informational publications are available from the OMM through phone, mail, or personal contact:

Abandoned Mined Land Pamphlet
Keep Out-Old Mines Are Dangerous
Citizens Guide to Farmland Reclamation
Citizens Guide to Coal Mining and Reclamation in Illinois

All of this is part of an overall strategy by the State directed toward better citizen understanding and involvement in the Regulatory and Abandoned Mine Land Programs.

V. Major Accomplishments/Issues/Innovations in the Illinois Program

The Illinois OMM maintained both its Regulatory and AML Programs in a manner that assures they meet national standards, and effectively protect citizens and the environment from adverse effects of pre-SMCRA coal mining practices, and from current surface coal mining activities. Illinois also successfully maintains a cooperative agreement with OSM for administration of an approved State program on federally owned land.

Adopted Program Amendments

A final rule was published on July 7, 2003, revising Illinois surface coal mining regulations pertaining to definitions, areas designated by Act of Congress, criteria for designating areas as unsuitable for surface coal mining, requirements for permits and permit processing, coal exploration, and performance bond release.

Clean Stream Activities

The Illinois AML Program continued to make progress during EY 2004 toward reaching Clean Streams Initiative goals. At present, Clean Streams activities in Illinois are focused primarily on the remediation of acid mine drainage (AMD) within the Saline River watershed in southern Illinois. Clean Streams Initiative funds expended by the AMLRD during EY 2004, were for reclamation work at the Palzo Mine Site in Williamson County, and for the Will Scarlet Site.

The Palzo surface coal mine operation extracted portions of the Davis and Dekovan coal seams until the 1960's, and left behind 312 acres of porous acid mine spoil.

Over the years since mining operations ceased, numerous reclamation efforts have been undertaken by a variety of government agencies, including the AMLRD, and a majority of the acid spoil has now been graded and vegetated. However, there remained a portion of the site where rainfall infiltrates the porous acid mine spoil and re-emerges in the down gradient drainage ways, and into Sugar Creek along the site's northern boundary, as acid mine drainage. Sugar Creek is "non-supportive" of biotic life due largely to AMD from the Palzo site.

In October 2001, the AMLRD began a phase of reclamation at this site designed to enhance surface runoff, reduce infiltration, and add alkalinity to 60 acres of spoil. Southern Illinois Power and the Lafarge Corporation partnered with the AMLRD, paying



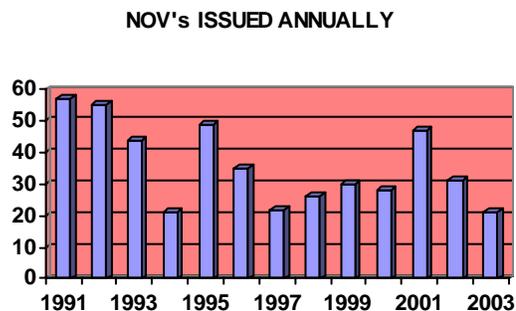
nearly all the costs of providing alkaline by-products for this project. This work was completed in EY 2004, and the 60 acres have now been graded to promote surface runoff. Alkaline by-products have been used to build a reduced permeability zone over 30 acres of the site. Scrubber sludge was incorporated into 8 inch compacted lifts to construct a 4-foot reduced permeability zone on 19 of the 30 acres, and when it became unavailable, cement kiln dust was substituted on the remaining 11 acres. Other project partners were the U. S. Forest Service, owner of the land, and the Illinois Environmental Protection Agency, through which Section 319 funding under the Federal Clean Water Act was provided.

Though the AMLRD does not expect this project to entirely eliminate AMD from the site, both surface and ground water quality is expected to significantly improve. Monitoring of wells, seeps, and surface flows will aid in determining success in this innovative approach to the restoration of this extremely acidic mine site.

At the Will Scarlet Site tree clearing preliminary to further work was completed at the very beginning of EY 2004, and extensive grading to establish proper drainage began just at the end of EY 2004.

Environmental Compliance

Illinois administers its program in a way that effectively protects citizens and the environment from adverse impacts resulting from surface coal mining activities. Since 1991, environmental compliance by coal mining operators has improved as can be seen by the overall decrease of Notice-of-Violations (NOV) issued from 1991 through 2003. The table to the right graphically illustrates this compliance increase.



Blanket Emergency Approvals

During the 2004 evaluation year, the Illinois AML Reclamation Program consummated an agreement providing “blanket” emergency project approval for eligible pit subsidence projects. This agreement encompassed the OSM Indianapolis Field Office, the Illinois AML Program, and the governmental agencies of jurisdiction ensuring National Environmental Policy Act compliance.

The Illinois agreement was established for a one-year period beginning April 14, 2004.



The agreement may be extended at the end of the current performance period, if all parties consent.

This “blanket emergency declaration” should result in a streamlined process of benefit to the State. From April 14, 2004 through June 30, 2004, only two pit subsidence projects have been completed, thus the State hasn’t realized any significant time savings as a result of this agreement to date. The blanket approval will also benefit the Field Office, especially with respect to emergency requests that may come at inopportune times.

OSM National Abandoned Mine Land Reclamation Awards

Each year the OSM honors, and recognizes the best examples of abandoned mine land reclamation in the nation. Award winners are recognized as leaders in the field of mine reclamation, set the standards of excellence for future reclamation projects, and help preserve and enhance the quality of American life. Previous Illinois AML award recipients are:

<i>Year of Award</i>	<i>AML Reclamation Project</i>
1992	Lead and Zinc Mine Site
1992	Pyramid Coal Company

The AML award recipients were recognized for:

- Their use of innovative reclamation techniques, which eliminated 25 abandoned underground lead and zinc mine entries and shafts, avoided the use of heavy equipment minimizing disturbance to the environment, and protected an historic area from excessive damage.
- The elimination of the source of acid water over a 3,000-acre area. The consolidation, treating, and covering of acid waste materials eliminated the need for acid water treatment.

OSM National Reclamation Awards

Coal mine operators are encouraged to mine coal and reclaim the disturbed land responsibly. A positive environment exists between the regulators and the industry as demonstrated by the number of awards that Illinois operators have received. Since the inception of the OSM award program, the accomplishments of the following Illinois operators have been recognized:

<i>Year of Award</i>	<i>Company</i>	<i>Mine</i>
1987	Arch of Illinois	Captain
1992	Arch of Illinois	Denmark
1993	Peabody Coal Company	River King # 3
2001	Black Beauty Coal Company**	Mines in Illinois and Indiana
2002	Consolidation Coal Company	Burning Star # 4
2002	Arch of Illinois	Captain and Denmark
2003	Consolidation Coal Company	Burning Star # 5

** OSM Directors Award

The Reclamation Award winners have been recognized for:

- The successful restoration of three major streams,
- Restoring a huge surface mine into a significant multiple land use State Park,
- Achieving exemplary agricultural post-mining land use through the re-creation of prime farmland,
- Reclaiming a 2,500 acre site to create varied aquatic environments, including deepwater lakes, shallow pools, potholes, marshes, nesting islands, and mud flat for waterfowl.
- Reclaimed 3,200 acres of land that previously contained wetlands and prime farmland. More than 148 acres were restored into wetlands and approximately 1,400 acres of cropland were reestablished, providing feeding areas for resident and migratory wildlife.



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

Performance standard based reviews, along with public participation evaluations provide the IFO with a broad picture of:

- The number and extent of observed off-site impacts;

- The number of acres that have been mined and reclaimed and which meet bond release requirements for the various phases of reclamation; and,
- The effectiveness of customer service provided by the State.

Individual topic reports, available in the IFO, provide a detailed analysis and information concerning how the evaluations were conducted and how the conclusions were reached.

A. Off-Site Impacts:

A primary focus of SMCRA is the protection of the public, property, and the environment from adverse effects of active coal mining operations. The goal, therefore, is that there be no impacts, or no greater than minimal impacts, outside the permit area. To accomplish this goal, State programs strive to continually decrease the occurrence of off-site impacts.

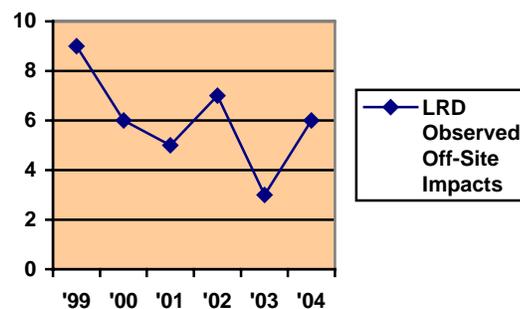
The IFO and LRD conducted a joint evaluation in EY 2004 to determine the effectiveness of the State program in protecting the public and the environment from off-site impacts caused by surface mining and reclamation operations. Conclusions were based on data from complete oversight inspections conducted by the IFO, along with data reported by the State.

The LRD inspected a total of 88 inspectable units in EY 2004 and found 6 off-site impacts on 3 of the inspectable units. 85 of the 88 inspectable units (96.6%) were absent any off-site impacts. The 6 off-site impacts observed by the LRD in EY 2004, although more than observed the previous year, represent an increasingly higher percentage of sites having no off-site impacts, and therefore progress toward the goal of no impacts. It should be noted that, even though ideally the goal is not to have any incidents occur, the realistic goal in OSM's FY 2004, Annual Performance Plan is to maintain the percentage of sites free of off-site impacts at 94 percent.

The LRD observed 6 off-site impacts in EY 2004, three in EY 2003, seven in EY 2002, five in EY 2001, six in EY 2000, and nine in EY 1999.

The numbers of off-site impacts the LRD observed during the evaluation year were few. The observations were minor hydrologic and encroachment impacts on land and water resources.

In EY 2004, the IFO observed 2 off-site impacts in the course of making complete inspections on 31 inspectable units. The IFO issued two Ten-Day Notices relating to these off-site impacts. Neither violation observed by the IFO causing



an off-site impact, had been previously addressed by the State. The IFO found that 93.5% of the inspectable units it inspected were absent off-site impacts. The IFO's data verified State reported information about a very high percent of impact-free inspectable units.

The IFO concludes from this evaluation that Illinois administered its Regulatory Program during EY 2004 in a way that effectively protected the public and the environment from adverse off-site impacts caused by surface coal mining operations.

B. Reclamation Success:

Thousands of acres of land affected by surface coal mining are successfully reclaimed each year as noted in Table 5 of this report. This data, summarizing the number of acres on which successful reclamation was achieved and for which bond was released in EY 2004, provides a baseline for a comparison with bonded acres existing at the beginning of the review period and the number of new acres bonded during the review period. This information serves as an indicator by which to evaluate how well reclamation is staying current with mining.

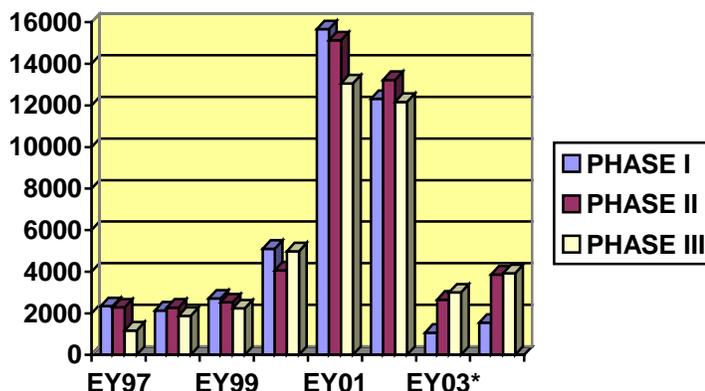
Acres of Bond Released 1983 - 2004

EY Year	Phase I	Phase II	Phase III
1983	0	0	0
1984	0	0	0
1985	0	0	0
1986	0	0	0
1987	997	0	0
1988	1,172	84	84
1989	162	0	0
1990	1,137	18	18
1991	2,087	6	6
1992	91	194	172
1993	982	176	140
1994	587	932	683
1995	1,893	1,951	1,468
1996	2,813	3,257	2,132
1997	2,342	2,280	1,168
1998	2,135	2,279	1,877
1999	2,710	2,528	2,236
2000	5,098	4,058	4,976
2001	15,662	15,128	13,050
2002	12,313	13,218	12,172
2003*	1,065	2,652	3,001
2004	1,546	3,860	3,922
Totals	54,792	52,629	47,105

*EY2003 IS FOR A 9 MONTH PERIOD (OCTOBER 1, 2002 – JUNE 30, 2003)

PREVIOUS 8 YEAR BOND RELEASES

(* EY03 is 9 months as compared to 12 months for EY97 – EY04)



The IFO conducted site visits at 10 permanent program surface mines and evaluated 1160.02 phase I acres, 2992.56 phase II acres and 2175.42 phase III acres that the LRD recommended bond release on. The IFO agreed with the LRD that these acres met the reclamation requirements to be eligible for release of bond. Therefore, the IFO concludes that the State program is ensuring successful reclamation on lands affected by surface coal mining operations.

Specifically, the following elements were evaluated for successful reclamation:

Land Form/Approximate Original Contour and Soil Replacement

The criterion for determining whether reclaimed lands are reconstructed appropriately is whether it has been returned to its approximate original contour (AOC), including soil replacement. For the purposes of this evaluation Phase I bond releases were used as the indicator that the AOC had been achieved and soils had been replaced. For the evaluation period, approximate premining contour, including soil replacement, was achieved on 1,546 acres. To date approximately 54,792 acres have met the criteria for, and have been granted, Phase I bond release.

Surface Stability and Establishment of Vegetation

For the purposes of this evaluation, surface stability and the establishment of vegetation were measured by the acres of Phase II bond released. For EY 2004, Illinois was successful in achieving surface stability and in establishing vegetation on 3,860 acres.

Based on the IFO analysis of data supplied by the LRD, between 1983 and June 2004, approximately 52,629 acres of mined land have met the criteria for Phase II bond release.

Establishment of Post Mining Land Use and Productivity Restoration

Post mining land use was achieved by establishing successful and appropriate vegetative cover. This includes restoring productivity, where appropriate. The IFO measured this element of reclamation success by the number of acres receiving Phase III bond release. For the evaluation period, 3,922 acres had Phase III bond released.

Based upon the IFO analysis of data supplied by the LRD, between 1983 and June 2004, 47,105 acres have been fully reclaimed and the post mining land use and appropriate vegetative cover achieved, including restoration of productivity where appropriate.

Hydrologic Reclamation

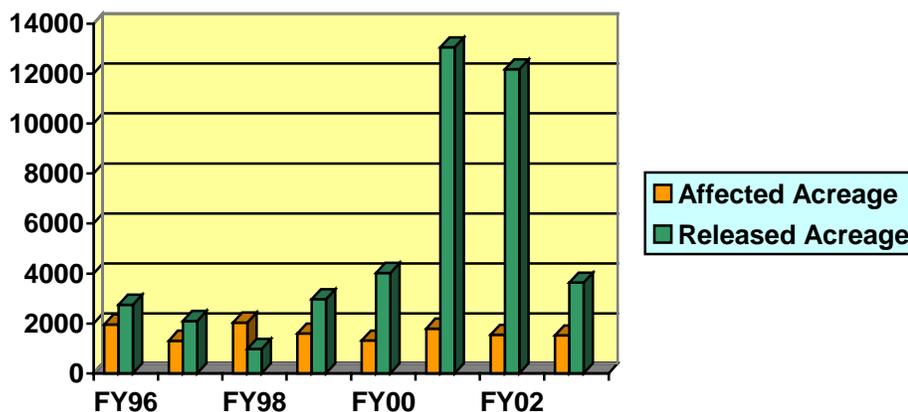
The successful restoration of surface and groundwater quality and quantity was measured by the accounting of acres of Phase III bond release achieved. Illinois released 3,922 acres for Phase III during the evaluation period and a total of 47,105 acres since 1983.

Contemporaneous Reclamation

The OSM Directive, REG-8 defines contemporaneous reclamation to be the difference in time between when lands are disturbed and when they achieve phased bond release. There has been considerable discussion about whether this is a valid measure of contemporaneous reclamation. This discussion has taken place both within OSM and with the various State regulatory authorities. The results shown in the chart and table below represent the best effort under REG-8 at assessing contemporaneous reclamation.

A general picture of how successfully reclamation is staying current with mining was made by the IFO by comparing the number of acres affected to the number of acres on which phase III bond was released by the LRD from during the five State fiscal years 1999 through 2003. For measurement of contemporaneous reclamation, the LRD provided IFO data showing that 7,783 acres were affected, and 35,856 acres were phase III released during that period. More than four and a half times as many acres were released as were affected during this period which may be an indication of contemporaneous reclamation. Perhaps a more accurate indicator that reclamation is staying current with mining is that IFO found only one violation of the requirement for contemporaneous reclamation while making complete mine site evaluations in EY 2004.

Illinois Contemporaneous Reclamation (IL FY)



Note: Acreage released on the chart on page 10 is not the same for the chart above due to the difference in time periods, that is Fiscal year (FY) vs. EY

C. Customer Service:

The Customer Service element in the EY 2004 Performance Agreement, between the Office of Surface Mining, IFO and the LRD focused on the State's response to citizen comments received in the permitting process. The IFO conducted an evaluation of the State's customer service pursuant to provisions in 62 Illinois Administrative Code 1773.13, relating to public participation in permit processing.

The IFO reviewed applications for a permit, revision, or renewal received by the LRD between January 1, 2000, and December 30, 2003 for which there were public comments. The IFO evaluated LRD responses to oral and written statements from private citizens having an interest which is or may be adversely affected by the decision on the application. The IFO reviewed LRD responses to 124 citizen comments/ objections. As a result of its evaluation, the IFO concluded that the LRD is successfully providing customer service with respect to its response to citizen comments to permit actions. Based on review findings, however, the IFO recommends close attention is given to thoroughness over brevity of response to ensure a complete and clear response.

VII. OSM Assistance

The primary mode of OSM assistance to Illinois is through grant funding. The amount of grant funding awarded to Illinois for the operation of the Regulatory Program in EY 2003 was \$2.98 million. OSM provided 50% of the total funding necessary for Regulatory Program operation. OSM provided 100% funding for the Abandoned Mine Land Program in Illinois, which totaled \$9.87 million in EY 2003. Over the previous three years, OSM has awarded grants to Illinois totaling \$8.54 million for Regulatory Grants and \$30.41 million for the AML Grants. The following table contains the grant amounts for each of these three years.

***Grants Awarded in Illinois
Previous Three Years
(Dollars are in Millions)***

<i>Year</i>	<i>Regulatory Grant Amount</i>	<i>AML Grant Amount</i>
2003	\$2.98	\$9.87
2002	\$2.88	\$10.09
2001	\$2.68	\$10.45

(2003 Grant period ends June 30, 2004, therefore 2004 Grant amounts are not included)

Additionally, assistance is provided as outlined below:

- Technical training courses are offered by OSM throughout the year, which address technical and programmatic aspects of mining and reclamation. These courses are provided for OSM and State participants as well as industry and others on a space available basis.
- OSM provides the Technical Information Processing System including local workstations and software for State use. The OSM also provides training and support. Illinois uses the system for a variety of tasks related to permit application processing and other technical or engineering evaluations. The technical staff continues to work with the State to develop and implement an electronic permitting program.
- Informal discussions occur between OSM and State management and staff that result in a good working relationship. Informal assistance is provided regarding field or implementation issues on a continual basis.
- Illinois requested technical assistance with design of a remediation plan for the TAB-SIMCO AML project. The project involves the discharge of high acidity water from a shallow coal seam that underlies a residential neighborhood at a depth of 20 to 25 feet. OSM staff assisted in evaluating a water sampling plan and conducted a site investigation/team meeting during November 2003. In December a planning meeting was held to discuss remediation activities proposed by Southern Illinois University. Further field investigations were held in January 2004 to identify the location of boreholes, to collect water samples and to continue discussion of



proposed remediation work. Efforts were underway during April, 2004 to develop new monitoring wells in the mine pool.

VIII. General Oversight Topic Reviews

In addition to the off-site impact and land restoration reviews, OSM conducted oversight activities in the program areas listed below. Copies of oversight documents relating to these topics may be obtained at the IFO office or by requesting specific reports by mail at the following address:

Office of Surface Mining Reclamation and Enforcement
Indianapolis Field Office
575 North Pennsylvania, Room 301
Indianapolis, Indiana 46204

The IFO can also be contacted by E-mail at IFOMAIL@osmre.gov.

Complete Inspections

During EY 2004, the IFO conducted mine site evaluations on a sample of 31 active mining operations to gain an overview of the on-the-ground impacts of these operations. In so far as possible, these inspections were conducted jointly with State inspectors. During these complete inspections, 10 on-the-ground violations at 8 mine sites were found. The IFO concluded that the small number of on-the-ground impacts identified during the evaluation year indicates that the LRD is successfully ensuring that coal mining is being conducted in a manner that causes few adverse on-the-ground impacts.

Post-Reclamation Acid Seep Prevention Study

This study, requested by the OMM, AMLRD, began in EY 2002, as a multi-year, joint State-Federal effort which continued in EY 2004, and will continue on in EY 2005. The objective of the study is to investigate the problem of post-reclamation acid seeps on AML sites, propose solutions to existing problems, and recommend means by which it may be prevented in future reclamation projects.



A study team has reviewed existing AMD treatment technology to ensure a proper foundation of knowledge upon which to proceed. It has evaluated the AMLRD's reclamation methodology over the past several years, as well as the current approach to project planning, design, and monitoring. During

EY03 the study team began to identify project data requirements that would equip project planners to properly address the problem. Two field tours of problem sites in Madison and MaCoupin Counties were held in EY03. AMD discharge measurements and analyses were made at these sites by OSM, and the data was provided to the AMLRD for its project database.

In EY04, the team made significant progress toward its goal completing an inventory of sites identifying the problem, and being instrumental in effecting three technology transfer events for mid-west AML staff training in best management practices to resolve acid seep problems. The team reviewed additional field sites in Jackson, Williamson, and Saline Counties. Establishing a technical assistance relationship with OSM was also beneficial. This endeavor will continue in EY 2005, and at the end of this multi-year undertaking the team will attempt to formulate recommendations concerning programmatic changes, if needed, to further reduce the acid seep problem in a cost-effective manner.

Evaluation of AMLRD use of CAD System for AML Project Design

In its 2003 Performance Agreement with the IFO, the Illinois AMLRD requested OSM to evaluate its use of CAD systems and software in project design development. The IFO called upon its Mid-Continent Regional Office to provide the necessary expertise to work with the AMLRD in conducting this evaluation.

The AMLRD/OSM team determined that the AMLRD is at a pivotal point in deciding how to fully utilize its CAD Design information. The next step in achieving this goal is to implement the concept of CAD Design Life Cycle, a concept now being embraced by many AML programs across the country. This concept allows a program to fully leverage data and design for multiple uses and provide critical CAD Design history of what the program has achieved and allows access by future generations. The components of the CAD Design Life Cycle: Data Creation and Acquisition, Data Sharing and Collaborative Design, Final Design and Construction, and Data Archive and Data Re-use (Geographical Information System) (GIS)), and their relation to the purpose of this evaluation, are described in this report.

The team identified needs and actions relative to each component of the CAD Design Life Cycle, by which the AMLRD could realize efficiency gains. A plan was presented by which to achieve desired efficiency and productivity goals, and recommendations to implement the plan. The following recommendations were offered: a.) that design staff acquires additional training; b.) a full-time CAD manager and a full-time position to support GIS integration (which could be shared with the LRD) are necessary to accomplish desired results; c.) RTK grade Geographic Position System (GPS) equipment should be purchased for data acquisition, monitoring reclamation grading, and for as-built drawings; and d.) Centimeter XYZ accuracy should be obtained through that GPS equipment.

The Office of Surface Mining will continue to offer training and necessary assistance to implement the recommended plan.

Evaluation of AMLRD Project Cooperative Agreements

The 2003 Illinois AML Performance Agreement (PA) included an evaluation of project cooperative agreements at the State's request. The objective of this review was to evaluate the AMLRD construction project cooperative agreements, and other such agreements, to ensure they are appropriate and beneficial State reclamation partnerships under the federally funded AML Program. Additionally, the IFO agreed to render assistance in developing these agreements as needed.

Seven (7) AMLRD written project agreements were provided for evaluation. One agreement was not fulfilled by the initial partner, and was completed under a verbal agreement with previous AMLRD reclamation partner, making a total of eight (8) agreements. Each agreement described in this report was evaluated based on the criteria outlined in the methodology section. The actual agreement documents are filed as supporting documents.

Evaluation findings are that the subject reclamation agreements achieved the AMLRD's economy and efficiency purposes for these particular projects, which purposes were effectively served although two different partners were required in one case. Authority for these actions is provided in the State's approved Reclamation Plan, and the agreements and the AMLRD administration of them was found to be in keeping with federal financial assistance requirements. The IFO had occasion to render requested assistance in developing the St. Ellen Remedial Project agreement with St. Clair County, and a potential agreement with the Lake Wee Ma Tuk Hills Drainage District.

Emergency Program Comprehensive, Multi-Year Evaluation

The EY 2002 Performance Agreement between the Illinois AMLRD and the IFO called for a comprehensive evaluation of the State's Emergency Program. In EY 2003 that evaluation was expanded to include an evaluation of the program's pit subsidence techniques. The purpose of both efforts was primarily to determine areas where program enhancements might be realized.

This evaluation was cooperatively conducted by AMLRD and IFO staff. The approach taken was to analyze the functional components of the program to ensure that it was fulfilling requirements under the State's AML Reclamation Plan, SMCRA, its implementing regulations, and other established program guidelines. This analysis also provided a basis for determining potential for any program improvements.

The findings and conclusions resulting from the evaluation were that the program is in good order, successfully meeting the standards mentioned above. Therefore,

recommendations for program improvements were few. A minor suggestion was made that the program consider entering emergency project completion data into the national Abandoned Mine Land Information System more close to actual project completion than once a year at grant reporting as currently is done. In addition to that, two ideas were presented as possible areas where greater effectiveness might be realized. One of these was that, if practicable, the State's equipment purchasing procedures be streamlined to allow for the program to obtain needed equipment when it is needed. The other was for the program to dedicate itself to making available to the public, information about location of mining and mine problems.

AMLIS Inventory Data Verification

This evaluation began as a result of an Inspector General's Audit Report: Inventory System and Performance Results of the Abandoned Mine Land Program. In order to implement a remedy for the Inspector General's finding, and the recommendation to "Establish a quality control system that ensures that States, Tribes and OSM, as applicable, review and certify the accuracy of data entered into AMLIS," the IFO requested documentation of the system utilized by the AMLRD ensuring accuracy of AMLIS data and certification that the system exists. The IFO received documentation of the procedures that are in place to maintain and verify the accuracy of AMLIS information with a signed certification that the procedures are in place.

Annually, starting in EY 2005, the IFO will review a random sample of the information entered in AMLIS during the year to verify that it matches the information maintained in hard copy.

APPENDIX A:

These tables present data pertinent to mining operations and State and Federal regulatory activities within Illinois. They also summarize funding provided by OSM and Illinois staffing. Unless otherwise specified, the reporting period for the data contained in all tables is the same as the evaluation year. Additional data used by OSM in its evaluation of Illinois' performance is available for review in the evaluation files maintained by the Indianapolis OSM Office.

TABLE 1 – COAL PRODUCTION.....	T-1
TABLE 2 – INSPECTABLE UNITS.....	T-2
TABLE 3 – STATE PERMITTING ACTIVITY..	T-3
TABLE 4 – OFF-SITE IMPACTS	T-4
TABLE 5 – ANNUAL STATE MINING AND RECLAMATION RESULTS	T-5
TABLE 6 – OPTIONAL (NOT USED)	
TABLE 7 – STATE BOND FORFEITURE ACTIVITY.....	T-7
TABLE 8 – ILLINOIS STAFFING.....	T-8
TABLE 9 – FUNDS GRANTED TO ILLINOIS BY OSM	T-9
TABLE 10 – INSPECTION ACTIVITY.....	T-10
TABLE 11 – ENFORCEMENT ACTIVITY.....	T-11
TABLE 12 – LANDS UNSUITABLE ACTIVITY.....	T-12

APPENDIX B:

This Appendix contains the Illinois Office of Mines and Minerals, Land Reclamation Division and Abandoned Mine Land Reclamation Division's comments on the draft Evaluation Report, which the IFO received on August 26 and September 1, 2004. A photocopy of the State's comments follows this page.

The Field Office Director's disposition of the State's comments is presented below.

Disposition of Comments:

No Changes were necessary