

BUSINESS LINE: ENVIRONMENTAL RESTORATION

		FY 2001 Enacted	Uncontrollable Costs	Program Change	FY 2002 Request	Difference from FY01
Regulation & Technology **	\$\$\$	431	4	0	435	4
	FTE	1	0	0	1	0
Abandoned Mine Land	\$\$\$	199,270	321	(49,665)	149,926	(49,344)
	FTE	111	0	0	111	0
TOTAL	\$\$\$	199,701	325	(49,665)	150,361	(49,340)
	FTE	112	0	0	112	0

** Civil Penalty Collections (\$275,000) are included in total with no change estimated in FY 2002.

ENVIRONMENTAL RESTORATION ENCOMPASSES

Operational Processes (Program Activities): The majority of OSM's total funding request for this business line is for State and Tribal Funding, which provides AML State and Tribal reclamation grant funding, including watershed cooperative agreements, as well as funding for State and Tribal operated emergency projects.

State and Tribal AML Reclamation Operations
Federal and State Reclamation Emergency programs
High Priority Projects
Watershed Cooperative Agreements
State Program Evaluation Programs

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

Evaluation and Oversight of the State and Tribal AML reclamation operations is coordinated by OSM through the State Program Evaluation program activity.

This business line also funds the Program Development and Maintenance program activity, which

provides policy direction and ensures State/Tribal programs are amended as needed.

MISSION GOAL #1: TO RECLAIM AND RESTORE AS MUCH LAND AND WATER AS POSSIBLE THAT IS DEGRADED BY PAST MINING TO PROVIDE THE AMERICAN PUBLIC WITH CLEANER AND SAFER LAND AND WATER

Environmental Restoration emphasizes the enhancement of public health, safety, and general welfare by reclaiming mined lands abandoned before the passage of the Surface Mining Control and Reclamation Act (SMCRA), including certain interim program and insolvent surety coal sites abandoned after August 3, 1977. OSM provides funds to States and Tribes for administering their approved AML programs. OSM also

evaluates State and Tribal AML programs, abates emergency and high-priority coal mining-related hazards through the Federal Reclamation Program (where OSM has reclamation responsibility), and fosters partnerships for the Clean Streams Program aimed at addressing acid mine drainage/water pollution problems.

Strategic Outcome: A cleaner and safer environment by reclaiming and restoring land and water degraded by past mining.

Indicator/Measure(s): Strategic goals and measures for 2002 include the number of acres reclaimed by the State and OSM AML Program. Those goals and activities are accomplished through the Abandoned Mine Land (AML) Program and include the cooperative efforts of the Office of Surface Mining, State, and Tribal Reclamation offices. The following measures are used by OSM as an indicator of annual performance.

Office of Surface Mining Reclamation and Enforcement

Table 2: Strategic Measures and FY 2002 Measures	2000 Actual	2001 Enacted	2002 Estimate	Annual Perf. Goals
<p><i>By 2005, the AML Program will reclaim an additional 40,000 acres^{1/} of pre-SMCRA priority 1,2 & 3 problems, coal interim sites, coal insolvent surety sites.</i></p> <p>C In FY 2002, the AML Program will reclaim 7,000 acres.</p> <p><i>By 2005, OSM will initiate an additional 230 projects.</i></p> <p>C In FY 2002, OSM will provide funding for 40 new cooperative Acid Mine Drainage projects under the Clean Streams Program.</p> <p><i>By 2005, OSM will provide reclamation grants and award funds within 60 days of receipt of a complete application 100% of the time.</i></p> <p>C In FY 2002, OSM will provide AML grants and award funds within 60 days 100% of the time.</p> <p><i>By 2005, the AML Program will abate emergency hazards through OSM and State emergency reclamation programs.</i></p> <p>C In FY 2002, the AML Program will abate 400 emergency hazards.</p>	<p>8,100 acres ^{2/}</p> <p>35 projects</p> <p>100%</p> <p>339 hazards</p>	<p>8,600 acres</p> <p>35 projects</p> <p>100%</p> <p>400 hazards</p>	<p>7,000 acres</p> <p>40 projects</p> <p>100%</p> <p>400 hazards</p>	

1/ A statistical conversion has been applied to the Priority 1,2, and 3 reclamation projects which are measured in various units such as miles, acres, counts, etc. in an attempt to make comparisons and summarizations possible in acres.

2/ The FY 2000 accomplishment for acres reclaimed is a calculated estimate. The accomplishments reported to OSM by States and Tribes for FY 2000 (12,176 acres) included more than one fiscal year. Also, all estimates generally reflect the full number of projects funded by the increase; actual project completion occurs one to three years after initiation.

Data Verification and Validation for Measures: Most of the data for measuring reclamation accomplishments will come from the Abandoned Mine Land Inventory System (AMLIS). The remainder will come from separate tracking systems utilized for the Appalachian Clean Streams projects.

The AMLIS is a computer database used by the State Reclamation Programs and maintained by OSM. It was completely reengineered in 1994-95 giving OSM, the States and Tribes a much higher degree of confidence in the data. In accordance with the requirements of SMCRA, AMLIS contains data for known Priority 1 and 2, pre-SMCRA coal reclamation problems. Each problem is classified as either unfunded, funded or completed. Problems are designated “funded” when construction contracts have been awarded to reclaim them. Completed problems are those hazards where all reclamation work is complete. The AMLIS also contains information regarding funded and completed Priority 3 coal and post-SMCRA coal problems, as well as information on completed non-coal problems.

Actions Required to Achieve Annual Goals: In FY 2002, OSM will continue to increase its outreach efforts on AML enhancement and to potential government and non-government cooperators in reclamation projects.

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

The FY 2002 President’s Budget requests \$124.1 million for State and Tribal funding for AML reclamation and emergency program; \$2.5 million for State Program Evaluation; \$20.1 million for the Federal Reclamation Program of which \$14.7 million is for projects; and \$3.2 million for Program Development and Maintenance. The budget proposes program decreases of \$49.6 million from the FY 2001 enacted level as follows:

- C \$35 million for State and Tribal regular AML grants;
- \$12.572 million (approximately) for a one time FY 2001 grant earmarked for the State of Pennsylvania;
- \$1.3 million for Federal high priority project funding;
- \$500,000 reduction that is transferred to Technology Development and Transfer

activities as a technical adjustment; and

- \$293,000 reduction for administrative program efficiencies related to decreased reclamation activity.

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

Office of Surface Mining Reclamation and Enforcement

Table 3 - Justification of Program and Performance

Environmental Restoration

Summary Increases/Decreases for FY 2002

(Dollars in Thousands)

Program Activity		Regulation & Technology		Abandoned Mine Lands		Total		Inc/Dec	
		2001	2002	2001	2002	2001	2002		
State and Tribal Funding	\$\$\$	0	0	171,686	124,114	171,686	124,114	(47,572)	
	FTE	0	0	0	0	0	0	0	
State Program Evaluation	\$\$\$	0	0	2,395	2,467	2,395	2,467	72	
	FTE	0	0	25	25	25	25	0	
Federal Reclamation Program	Projects: <i>Emergency</i>	\$\$\$	275	275	16,067	14,767	16,342	15,042	(1,300)
					<i>High-Priority</i>	10,946			
	Operations	\$\$\$	156	160	5,201	5,363	5,357	5,523	166
					FTE	1			
Program Dev/Maint	\$\$\$	0	0	3,921	3,215	3,921	3,215	(706)	
	FTE	0	0	30	30	30	30	0	
TOTAL	\$\$\$	431	435	199,270	149,926	199,701	150,361	(49,340)	
	FTE	1	1	111	111	112	112	0	

** Civil Penalty Collections (\$275,000) are included in total with no change estimated in FY 2002

ONGOING PROGRAM

1. State and Tribal Funding

SMCRA established the Abandoned Mine Reclamation Fund (AML Fund) to finance the restoration of land mined and abandoned prior to August 1977. Coal mining had disturbed more than one million acres of land, resulting in significant health and safety problems for coalfield citizens and the public in general. An adequate AML Fund is essential to ensure that these problems are abated by providing the financial resources for State, Tribal, and Federal reclamation efforts. Although substantial progress has been made, more than \$2.5 billion of priority 1 and 2 problems that threaten public health and safety and \$3.6 billion of priority 2 general welfare problems remain unreclaimed, and over \$1.6 billion of unreclaimed priority 3 problems have been identified by States and Tribes.

The AML Fund receives revenues through the collection of coal production fees (the lesser of 35 cents/ton of surface mined coal; 15 cents/ton of coal mined underground; and 10 cents/ton of lignite; or ten percent of the value of the coal at the mine) which are paid by operators of active mines. Payment of required fees is ensured by the fee compliance activities of the Financial Management business line.

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

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

- 1) the Rural Abandoned Mine Program (RAMP) Share, administered by the U.S. Department of Agriculture (USDA), is 10% of the fees collected plus 20% of the interest earned on the investment of the unspent portion of the AML Fund. To date, appropriations for RAMP have been \$196 million. No funds have been requested for RAMP in FYs 1996 - 2001, and none are included in the Administration's FY 2002 budget.

- 2) the Federal Expenses Share is 20% of the fees collected plus 40% of the interest earned on the investment of the unspent portion of the AML Fund. This Share is used to fund emergency and high-priority coal projects in States and Tribes without approved AML programs under the Federal Reclamation Program; to fund the supplemental amount to minimum program States; to fund the approved State Emergency Programs; to fund the Small Operator Assistance Program (SOAP); and to fund Federal expenses to collect the AML fee and administer the AML program. The Clean

Streams Program is funded from this share in FY 2001, and proposed to continue with funding from this share in FY 2002.

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

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

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

a. Reclamation Program Grants

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

Under the Act, each State must have an approved SMCRA regulatory (Title V) program and a reclamation (Title IV) program before it is eligible to receive reclamation grant funding. Tribes are allowed access to AML funds derived from reclamation fees if they have an approved reclamation program. Currently, three Tribes (Crow, Hopi, and Navajo) have approved programs and receive AML grant distributions. Twenty-three States and three Tribes will continue to receive reclamation grant funding in FY 2002. In FY 2002, \$124.1 million is requested for grants. The State of Mississippi is developing a reclamation program and is expected to request reclamation grants in FY 2002.

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

OSM no longer requires advance approval of each AML project before it awards a grant. After OSM

approves a grant, but before construction begins, OSM provides an authorization for a specific project to proceed. After OSM approves a grant, it establishes a letter of credit for a State or Indian tribe. This incurs a Federal obligation and makes the funds available for the State or Tribe. When a State needs funds to pay expenses, the letter of credit is drawn down. OSM oversees the reclamation projects and expenditure of grant monies.

OSM provides reclamation funds to States which have AML problems but which no longer have sufficient active mining to generate significant amounts of AML reclamation funds. The following eight States qualified for the minimum program funding level in FY 2001: Alaska, Arkansas, Iowa, Kansas, Maryland, Missouri, North Dakota, and Oklahoma. These are expected to qualify again in FY 2002.

In the 1990 amendments to SMCRA, an authorized allocation level of at least \$2 million was established for States/Tribes having an approved reclamation plan and eligible Priority 1 and 2 coal sites. The minimum program amount includes the State Share, the Historical Coal Share and an additional supplemental amount (charged to the Federal Expenses Share). From FY 1995 through FY 2000, the Congressionally-authorized funding level for such States/Tribes had been limited to \$1.5 million per State/Tribe. In FY 2001, the authorized funding level was increased to \$1.6 per entity. In FY 2001, there were eight States that, based on the overall grant appropriation level and the distribution formula, would have been underfunded, that is, would not have received the \$1.6 million minimum level. These States were: Alaska, Arkansas, Iowa, Kansas, Maryland, Missouri, North Dakota, and Oklahoma. They are expected to qualify again in FY 2002 for an adjustment to the funding distribution to bring them up to the Congressionally-authorized funding level.

b. Clean Streams Program

In FY 2002, OSM proposes to maintain funding for the Clean Streams Program by making available a total of \$10 million for the program; \$6.9 million to fund State Reclamation Grants, \$2.75 million for high priority Watershed Agreements, \$0.200 million for the Acid Drainage Technology Initiative (ADTI) and \$0.150 for program management, maintenance and assistance. The requested level would enable OSM to support State Abandoned Mine Reclamation agencies to identify, evaluate, plan, and construct projects to treat acid mine drainage (AMD) in the Appalachian coal region.

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

AMD is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. AMD problems are occurring in other regions as well. OSM's effort to control and eliminate AMD in streams and rivers supports the Department of the Interior's commitment to clean water and strengthening local communities. Because of the extent and high reclamation cost of the pollution, this problem cannot be eliminated by any single government agency or group. As a result, the Clean Streams Program was designed to facilitate development of partnerships in the Appalachian coal region. Through this effort, OSM has partnered with over 100 government agencies, private watershed groups, environmental groups, private foundations, coal producers, and private individuals.

Through FY 2000, approximately \$18 million in grant funds have been provided to eligible States for 69 projects. Projects were identified by the States and additional sources of funding were secured, wherever possible. Through FY 2000, commitments from other sources have generated approximately \$17 million in project funds and services. In addition, many in-kind services, without a specific determined monetary value, have been provided by partnering entities.

Beginning in FY 1999, OSM decided, in consultation with the States, to distribute Clean Streams Program grant funding in the Appalachian coal region using a base amount of \$125,000 to each of the eligible States, with the remainder distributed based on historical coal production. As inventory data on the extent of acid mine drainage in each State is not available, historical coal production is perhaps the most equitable basis for distributing available funding.

Many of the demonstration projects that received Clean Streams funding since inception through FY 2000 are now completed, under construction, or in design, with construction to commence soon. OSM's emphasis on the Clean Streams Program has also helped promote a general increase in State project activity related to, or incorporating, AMD treatment. The following are some examples of how the funds are being used:

- The Glotfelty Acid Mine Drainage Treatment Project was completed by the Maryland Bureau of Mines (BOM) during the summer of 1999, using OSM's Clean Streams Program and EPA's 104(b)(3) grant money. The Project is located in the Cherry Creek watershed in Garrett County, Maryland. The Cherry Creek watershed supports healthy peat bog floral and faunal populations as well as wetlands and streams seriously impacted by abandoned mine drainage. Construction consisted of a series of alkaline producing systems separated by metal oxidation ponds and treatment wetlands, and final discharge was into the natural wetlands along Cherry Creek. To promote increased precipitation of the iron, a windmill-powered air pump was installed at the oxidation pond to quickly and thoroughly aerate the discharge. The operation of the windmill has resulted in a better discharge from the oxidation pond, reducing system flushing and maintenance of the entire system. Post-construction water sampling has documented that the treatment system discharges to Cherry Creek resulted in net alkaline with a pH of at least 6.0, iron concentrations

between 3 and 6 mg/l, and aluminum less than 0.1 mg/l. The improved discharge of net alkaline, low metal water has allowed one mile of Cherry Creek and several acres of wetlands to begin recovery from decades of acid mine drainage impacts. Total cost of the project was \$81,618, with \$36,318 coming from the clean streams funding.

- In 1999, Indiana began the neutralization of the 52-acre acidic Augusta Lake. This lake is within the boundaries of an Indiana fish and wildlife area and drains two miles via a “dead” Mill Creek into the Patoka River, a source of fresh water for the Town of Winslow. In the ensuing year, nearly \$23,000 in Appalachian Clean Streams funds have been spent, with a reciprocating \$180,000 of donations/in-kind contributions. While the project will continue into 2001, the acid load of the standing water has already been reduced by 80%. Also, game fish have been reported in the lower reaches of Mill Creek, something not seen since the 1950's.
- From fiscal year 1997 - 2000, West Virginia has received \$3.6 million for Clean Streams projects. The West Virginia Department of Environmental Protection (DEP) has earmarked these funds for acid mine drainage remediation at ten abandoned coal mine sites. As of the end of fiscal year 2000, DEP has expended over \$2 million of the total award amount and completed construction on five of the ten projects (Browns Creek, Grass Run, Bull Run, Fickey Run and Piney Swamp). Measures to improve water quality at the five completed projects involved construction of wetlands, open limestone channels and successive alkalinity producing systems. Additionally, land reclamation accounted for a significant portion of any water quality improvement as several of the sites involved covering and vegetating exposed toxic refuse material. Three additional projects are under construction -- Chief Logan, Johnson Knob, and Abram Creek/Emmoryville. Designs have been completed for the two remaining sites – Sovern Run and Kanes Creek South. Construction bids were accepted for the Kanes Creek South project in November 2000, with construction beginning in the Spring of 2001.
- Missouri is conducting a project in partnership with local landowners in the Cedar Creek drainage in central Missouri. The project uses OSM Clean Streams funds and EPA 319 grant funds to assist local landowners with elimination of AMD from Cedar Creek. During FY 2000, three monitoring wells were installed to determine the source of AMD and to develop a reclamation solution. Native warm season grasses were planted on 31 acres of barren spoil that were previously releasing acid sediment into the stream channel. In FY 2001, construction work began to install a passive treatment system for AMD and to revegetate an additional 60 acres of acid generating spoils that are causing some of the stream pollution. Work will continue into FY 2002 on this high profile watershed in the heart of Missouri.
- The success of the Clean Streams program, and its focus on involving others, has led to other partnering opportunities that will result in additional funding for AML projects. Hurricane Creek received funding from the City of Tuscaloosa, Alabama. While searching for potential financial partners for Clean Streams Program projects, OSM contacted the City of Tuscaloosa. The attorney

for the city explained that he was in the process of negotiating a settlement/consent decree with the Alabama Department of Environmental Management (ADEM) over water violations which the City had incurred. The City agreed to consider applying some of their fines toward abandoned mine land reclamation under the Supplemental Environmental Project (SEP) program, fostered by EPA. OSM set up a meeting and a partnership developed which will funnel almost \$250,000 in fines to two AML projects that are sponsored by the Alabama Rivers Alliance, a local watershed group. ADEM will seek additional opportunities to pair AML reclamation (both coal and noncoal) with entities that have incurred water violation fines. Encouraging on-the-ground reclamation in lieu of fines is a significant achievement. OSM, in concert with EPA-Region IV, is in the process of setting up a SEP bank to pair AML projects with entities that have fines levied against them.

OSM implemented the Watershed Cooperative Agreement Program as part of the Clean Streams Program in FY 1999. The program allows OSM to award funding, in the form of cooperative agreements, directly to private not-for-profit agencies, such as small watershed organizations, to undertake local AMD reclamation projects. This program is intended to provide the final amount necessary to complement the contributions of other supporting partners and proceed to actual construction.

In FY 1999 OSM received 16 applications and awarded 11 cooperative agreements. The awards ranged from \$22,000 to \$80,000, totaling \$750,000.

Funding for the watershed program was increased from \$750,000 to \$1,750,000 in FY 2000. OSM received 29 applications totaling \$1.73 million and awarded 19 cooperative agreements for projects in six States during the fiscal year (the remaining cooperatives agreements have either been awarded or are in various stages of review/approval). In FY 2001, an additional \$1 million was added to the Watershed Cooperative Agreement Program. For FY 2002, OSM proposes to maintain this total of \$2.75 million.

The following represent examples of some of the projects funded under the program:

- WPI, Inc., in Blacksburg, Virginia, received funding to address AMD seeps in Montgomery County, Virginia. AMD flows from the Merrimac Mine area into Lick Creek, which ultimately drains into the New River, an American Heritage River. WPI is partnering with the Commonwealth of Virginia and Virginia Tech. The goal of this project is to eliminate acid mine drainage into Lick Creek using a passive treatment system consisting of a series of man-made wetlands and possibly an anoxic drain. The cooperative agreement funding of \$80,000 will supplement other funding and in-kind partners, for a total project cost of \$185,000.
- The Cumberland Mountain Resource Conservation and Development, of Jamestown, Tennessee, received funding to treat two sites to alleviate acid mine drainage discharges and stabilize abandoned mined lands in the watershed off the east branch of Bear Creek in Scott County, Tennessee and flowing into the Big South Fork located in McCreary County, Kentucky. The impact

of Bear Creek waters on the South Fork of the Cumberland River is so massive that the River is affected for 12 miles downstream of the confluence. Treatment options that may be used, dependent on the final designs, include anoxic drains, wetland cell systems, successive alkaline producing systems, rock drain systems, and vegetative plantings. The cooperative agreement funding of \$40,000 will supplement three other funding and in-kind partners, for a total project cost of \$360,000.

- The Shamokin Creek Restoration Alliance, of Mt. Carmel, Pennsylvania, received funding to address an acid mine drainage problem by installing a passive system consisting of three settlement ponds. The primary goal is to aerate the water and allow for metal oxidation and precipitation. The specific site is known as Site #48, a tributary leading to Carbon Run and the fourth largest loading of iron in the Carbon Run Watershed.. The cooperative agreement funding of \$25,000 will supplement four other funding and in-kind partners, for a total project cost of \$69,000.
- The Four Rivers Resource Conservation and Development Area, Inc., Peterburg, Indiana, received funding to address the flows from a sub-watershed of the South Fork of the Patoka River that have a pH of 3 or below and contribute high concentrations of metals to the main stream of the Patoka. The purpose is to neutralize the acidity and metal impacts on the water quality of the streams. The project involves the development of accesses and installation of concentrated alkaline recharge pools to treat the acid water flows in the sub-watersheds. The cooperative agreement funding of \$72,280 will supplement seven other funding and in-kind partners, for a total project cost in excess of \$500,000.

For FY 2002, OSM will continue to use up to \$150,000 of the overall Clean Streams funding to support activities such as: 1) assisting OSM Field Offices and States as they encourage formation of new, or more effective, watershed organizations in areas with AMD from abandoned coal mining; 2) supporting States, other Federal agencies, watershed organizations, and associated groups in partnering; 3) leveraging human and fiscal resources for stream restoration projects; and 4) implementing the Watershed Intern Program. Concerning the latter, in FY 2000, OSM, with additional funding from EPA, placed 23 summer interns with local watershed organizations in 9 States.

c. State Emergency Programs Grants

Under provisions of SMCRA, OSM provides funds to States to abate emergencies. These are AML problems which occur suddenly and present a high probability of substantial physical harm to the health, safety, or general welfare of people, and have to be addressed immediately.

States that operate their own emergency programs fund the emergency projects from their AML grants. The following thirteen States now operate their own emergency programs: Alabama, Alaska, Arkansas, Illinois, Indiana, Kansas, Missouri, Montana, North Dakota, Ohio, Oklahoma, Virginia, and West Virginia.

OSM carries out emergency project responsibilities for the Tribes, for States without approved reclamation programs, and for States which have not requested the authority to administer their own emergency programs.

In FY 2002, OSM will continue to encourage States to assume responsibility for emergency AML reclamation projects. States have developed considerable expertise in performing reclamation. More effective reclamation can occur when States perform the emergency abatement and then immediately follow-up by completing the reclamation project through their regular AML programs.

OSM's FY 2002 request for both the Federal and State emergency programs continues at the FY 2001 level of \$18 million. OSM's appropriation language limits expenditures of current year funds in any one state to 25 percent of this total, or \$4.5 million. In the past three years West Virginia, Pennsylvania, and Kentucky have all reached this limit, usually as a result of atypical rainfall and/or snow melt. This has resulted in the need to use funds that were carried over from previous years. To assure the timely response to emergency conditions, it is imperative that OSM continue to be able to supplement current year funds with carryover funds from previous years.

2. State Program Evaluation

SMCRA requires OSM to monitor the progress and quality of each State and Tribal program to ensure that their reclamation programs function effectively.

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

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

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

programmatic agreements can be for periods longer than one year. However, OSM reviews them each year to determine the progress being made.

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

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

3. Federal Reclamation Program

This program activity funds the following components:

- C emergency projects;
- C high-priority projects;
- C outcrop and underground fire control projects; and
- C program operations (OSM administration of projects).

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

a. Federal Emergency Projects

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

The Federal Emergency Projects component provides immediate relief from abandoned mine hazards that threaten public health and safety on Federal and Indian lands in non-emergency States. Emergencies are

generally the result of two different types of events. One is subsidence, the caving in of old underground mines and shafts which impact man-made structures on the surface. These events are life-threatening when they occur in areas where there is frequent human activity, such as in parks, playgrounds, and residential areas. These types of emergencies are most common in the Anthracite region of northeastern Pennsylvania.

The second type of event is landslides. These are usually the result of unstable mine spoil placed on steep hillsides. This occurs generally in the steep slope areas of Appalachia, and especially in eastern Kentucky. Landslides also impact man-made structures and may block streams which, in turn, can cause flooding either above or below the blocked stream. Since landslides are very costly to abate, OSM improved the abatement process for these types of emergencies.

In FY 2000, OSM abated 200 of the 353 emergencies, while the States abated the remainder. OSM abated emergencies, which included 130 in Pennsylvania, 58 in Kentucky, three each in Iowa and Colorado, two each in Maryland and Tennessee, and one each in California and Washington. Kentucky emergencies required the most money, over \$3.6 million, abating relatively high-cost landslides. About \$2.7 million was spent in Pennsylvania as most of the emergencies occurring in Pennsylvania were relatively low-cost subsidence events.

When notified of a possible emergency situation, OSM personnel will visit the site, usually within 24 hours. Should OSM determine an emergency exists, OSM conducts remedial action as quickly as possible to abate the emergency situation. In FY 2000, of the 247 potential emergencies referred, 200 were determined to be emergencies. Of the remainder, 29 were determined not to be emergencies or did not result from coal mining, or were reclaimed by the landowner, while 18 were still under investigation at the close of the fiscal year.

b. Federal High-Priority Projects

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

During 2000, OSM initiated nine non-emergency projects in California, Georgia, Michigan, Tennessee, and Washington. This ensured continuation of the systematic reclamation efforts underway in Michigan and Washington, and the completion of almost all inventoried projects in Georgia. Tennessee, with an unfunded inventory of over \$16 million, remains the largest consumer of OSM's high-priority funds.

c. Outcrop and Underground Fire Control Projects

Pursuant to Public Law 83-738, as amended by Public Law 102-486 (Energy Policy Act of 1992), funds

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

d. Program Operations

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

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

- compliance of the National Environmental Policy Act (NEPA) and the Historic Preservation Act;
- C obtaining the right of entry for access;
- C developing engineering plans and specifications needed for abatement;
- C preparing and mailing bid packages to potential construction contractors;
- C conducting pre-bid and pre-construction conferences;
- C awarding contracts;
- C coordinating, managing and inspecting all aspects of the ongoing construction; and
- C reviewing, approving and paying invoices.

e. Civil Penalty Reclamation Projects

Federal civil penalties collected under Section 518 of SMCRA are authorized for use in reclaiming lands mined and abandoned after passage of SMRCA on August 3, 1977. These funds are derived from civil monetary penalties from OSM-issued citations nationwide and are also available to help reclamation of

bond forfeiture sites. These funds are divided among projects proposed by both State and Federal regulatory authorities and used for project costs only.

During the past few years, the amount of civil penalty funds collected have steadily declined to less than \$50,000 a year. In recent years, OSM funded only emergency cleanup and in FY 2000, did not fund any civil penalty reclamation projects. The remaining unobligated funds of about \$250,000 will be carried over for use in 2001 reclamation projects. Once the carryover is used, the funds available will be insufficient for all but the lowest cost emergency projects.

f. Bond Forfeitures

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

Approximately 62 acres were reclaimed in Tennessee at a cost of \$296,500 in FY 2000. OSM anticipates reclaiming approximately 87 acres at an approximate cost of \$1.2 million in FY 2001 and approximately 69 acres at an approximate cost of \$1.1 million in FY 2002.

4. Program Development and Maintenance

This program activity provides funding for reclamation program management and programmatic guidance to States and Tribes. OSM has an ongoing process of reviewing existing policies in the Environmental Restoration business line. Whenever necessary, policies are revised to meet the existing needs of the programs and to keep abreast of changes to the law.

OSM also assists States and Tribes to build on successes and enhances primacy by implementing the re-engineered grants process, by ensuring National Environmental Policy Act compliance, and by conducting program-focused enhancement and performance evaluation. OSM encourages States to assume responsibility for their reclamation and emergency reclamation programs, and supports implementation of their AML programs through technical and program assistance as needed.

OSM emphasizes State/Tribal and Federal partnership in the AML program. OSM works directly with

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

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

During FY 2000, the State Reclamation Plan amendment activity was as follows:

Table 4 - State Reclamation Plan Activity FY 99 - FY 00				
Number of Amendments				
Amendment Type	Pending Oct.1,1999	Received FY 2000	Completed FY 2000	Pending Sept.30, 2000
Informal	0	1	0	1
Formal	4	0	4	0
Total	4	1	4	1

During FY2000, OSM provided assistance to Louisiana by reviewing its AML Reclamation Plan and suggesting revisions that the State can make in order to undertake non-coal reclamation, to improve the effectiveness of the State procedures and to comply with required amendments resulting from the 1990 and 1992 revisions to SMCRA.

a. AML Inventory

OSM manages the National AML Inventory which serves as a planning and evaluation tool for the States, Tribes, and OSM. The States and Tribes also use the inventory to assist them in planning, to make funding decisions and to report program accomplishments.

The inventory is maintained on a computer system known as the Abandoned Mine Land Inventory System (AMLIS). AMLIS is the system OSM uses to record and report AML Program accomplishments under GPRA. The public can access AMLIS via the Internet. AMLIS currently is being converted to a web-based system to allow even easier access by the public.

In FY 2000, AMLIS was modified to maintain the Bureau of Land Management's AML inventory. Also, OSM has worked with the National Park Service and the Forest Service in the Department of Agriculture to consolidate all AML Inventories in AMLIS. OSM is working with States to use AMLIS to make maps available via the Internet showing the locations of old underground coal mines.

b. Grants Management

OSM has decentralized its grants management activity, with a small policy staff at headquarters. The day-to-day grants and program management is performed in regional/field offices, and the accounting and reporting occurs under the Financial Management business line activity. OSM and the State/Tribal grantees cooperate to maximize the use of available funding and operate an effective program. Grantees provide input by participating on ad hoc teams and by reviewing and commenting on proposed changes in the program. This cooperative working relationship contributes to streamlined application and awards processes, faster obligation of Federal funds, innovative program monitoring, and less paperwork-intensive reporting and close-out of grants. In addition, OSM periodically holds meetings/workshops with the State/Tribal grantees to provide training for grantees and to keep them abreast of policies and procedures.

c. AML Enhancement Initiative

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

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

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

projects covered under the scope of the proposal.

The States and Indian tribes have the option of adopting the provisions of this rule in their reclamation programs. Several States have availed themselves of this opportunity. Pennsylvania has amended its program and has already identified approximately 25 areas to be eventually reclaimed under this concept. OSM has already issued authorization to proceed on six of these. Ohio published its final rule in November, 1999, and Virginia published its rule in January, 2000. OSM approved Alabama's regulatory program amendment in June, 2000, and Maryland's proposed rule is now in the review process.

On April 4, 1999, the Kentucky Resources Council (KRC) challenged the rule in the Federal District Court for the District of Columbia. On September 1, 2000 the court ruled in favor of the Department of the Interior. On October 2, 2000, KRC filed a motion to reconsider the court's decision. OSM submitted its opposition to the motion on October 27, 2000.

Justification of Program Changes:

Environmental Restoration	FY 2002 Budget Request	Program Changes (+/-)
\$(000)	150,361	-49,665
FTE	112	0

Relationship to Performance Goals: The funds for this business line support the long-term goal of a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining. In FY 2002, the AML reclamation grant program will reclaim 7,000 acres of degraded land and water.

Program Changes: In FY 2002, OSM proposes a total decrease of \$47.6 million for regular (i.e., non-emergency, non-Clean Streams) grants to States and Indian tribes. This decrease includes the reduction of \$12.6 million for a one time FY 2001 grant earmarked for the State of Pennsylvania and a \$35 million reduction to State reclamation grants.

Program efficiency savings will result in a \$293,000 reduction as related to decreased reclamation activity.

A decrease of \$1.3 million also is proposed in funding for Federal high priority projects. The remaining balance, at this time, is believed adequate to fund Federal high priority projects in FY 2002.

To accommodate changes in administrative requirements, \$0.5 million will be transferred to Technology Development and Transfer activities from environmental restoration. This transfer will support an activity - technology transfer - that enables operators, States, and the public to better meet their FY 2002 resource needs.