

OFFICE OF SURFACE MINING

1 9 9 4 A N N U A L R E P O R T

NEW VISION ■ NEW INITIATIVES ■ SHARED COMMITMENT



U. S. D E P A R T M E N T O F T H E I N T E R I O R

A NEW REPORT

O F F I C E O F S U R F A C E M I N I N G

This report describes the operations of the Interior Department's Office of Surface Mining Reclamation and Enforcement (OSM) for the period October 1, 1993, through September 30, 1994 -- Fiscal Year 1994¹. This year the report combines the Office of Surface Mining's Annual Report to Congress with its Annual Financial Report, and was compiled to meet the specific requirements of Section 706 of the Surface Mining Control and Reclamation Act of 1977 (SMCRA) and the Chief Financial Officers Act of 1990. In addition, the report has been written and presented in a format that will make it easier for the general public to use the information it contains. This change is in response to public demand for information about Surface Mining Control and Reclamation Act implementation and Office of Surface Mining operations.

Included in this report are activities carried out under several parts of SMCRA: Title IV, Abandoned Mine Reclamation; Title V, Control of the Environmental Impacts of Surface Coal Mining; and Titles VI and VII, Administrative and Miscellaneous Provisions. Surface Mining Control and Reclamation Act responsibilities of other bureaus or agencies have been omitted. Those responsibilities include Title III, the Mining and Minerals Resources and Research Institutes

Program, which is administered by the U.S. Bureau of Mines; Titles VIII and IX, the University Coal Research Laboratories and the Energy Resource Graduate Fellowships, which are administered by the Secretary of Energy; and Section 406, the Rural Abandoned Mine Program (RAMP), which is administered by the Secretary of Agriculture. Programmatic and financial information about those activities is reported directly to Congress by the agencies responsible for them.

Although this year's Annual Report is presented in a completely new format, it contains the same tabular statistics found in Office of Surface Mining annual reports prepared since 1988. This will facilitate comparison of data from year to year. Some of the tables have been combined to simplify use of the data presented. (For example, state and federal program tables have been combined in response to many requests for an easier way to compare this information.) Financial and accounting information, which is presented in a format similar to that of a traditional corporate annual report, is contained in the Financial Review section.

The Inspector General's audit statement, which was issued after this report was completed, is being published separately as Appendix 1.

Data compiled by several western states is contained in Appendix 2. This provides non-coal abandoned mine land project accomplishments for Alaska,

Colorado, Montana, New Mexico, Utah, Wyoming, the Navajo Tribe, and National Park Service locations in the six states. This information has been included as an appendix to the Office of Surface Mining Annual Report because the full accounting of abandoned mine land accomplishments was not available in existing Office of Surface Mining statistics. However, it should be noted that this is state data that uses different units of measure, definitions, and collection periods. In the near future, this information will be included in the abandoned mine land inventory.

To meet the need for national and state-by-state statistical data and the growing demand for Office of Surface Mining operational and financial information, copies of the Annual Report will be distributed to the public upon request.

For information about Office of Surface Mining activities, news releases, and publications, or for additional copies of this report, contact:

Public Affairs
Office of Surface Mining
1951 Constitution Ave., N.W.
Washington, D.C. 20240
(202)208-2553

1. Throughout this document "1994" refers to Fiscal Year 1994, unless otherwise noted.

REPORT CONTENTS

1 9 9 4 A N N U A L R E P O R T

ON THE COVER

This sedimentation pond is the third in a series of five at this mine site. Water running off the active mine site is routed through the ponds to

collect sediment washed from the exposed rock and overburden. The ponds ensure

that water running off the disturbed area is sediment-free when it leaves the mine site. As the pond fills with sediment, the temporary wetland environment it creates is home for a diverse wildlife population of small mammals and waterfowl.



ROBERT J. URAM

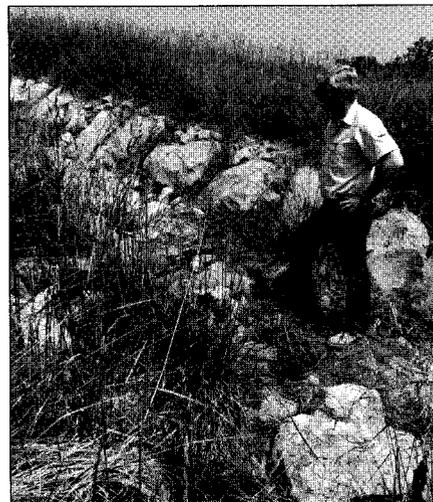
Office of Surface Mining Director Robert J. Uram sets out a new mission and vision statement for the Office and establishes the foundation and direction for the future 2

SUMMARY FOR FISCAL YEAR 1994

1994 milestones and highlights of the Office of Surface Mining. 4

ADMINISTRATION AND FINANCE

A report on the budget, management, and operations of the Office of Surface Mining 7



REGULATORY ENFORCEMENT

The shared federal/state environmental protection

program that permits and inspects active surface and underground coal mining and reclamation operations throughout the country 10



ABANDONED MINE LAND RECLAMATION

Reclaiming land and water resources

affected by mining that took place before the Surface Mining Act was passed in 1977 18

FINANCIAL REVIEW

Financial Position	26
Operations and Changes in Net Position	27
Cash Flow	28
Budget and Actual Expenses	29
Notes to Financial Statements	30
Supplemental Financial Position	36
Supplemental Operations and Changes in Net Position	37
Supplemental Cash Flow	38

DIRECTORY 40

Office of Surface Mining	40
State Regulatory Programs	41
State Abandoned Mine Land Programs	42

APPENDIX

1. Audit Statement
2. Western states non-coal abandoned mine land reclamation accomplishments

ROBERT J. URAM

A MESSAGE FROM THE DIRECTOR

In 1994, the Office of Surface Mining was at an important crossroads, where we could look back at a great deal accomplished as well as look forward to a job that is far from complete. To meet this challenge and become more effective, we need to build a solid foundation. As the first step in planning the Office of Surface Mining's course for the future, the agency has developed a mission and vision statement that reflects the Office of Surface Mining's responsibilities under the surface mining law. This statement is the framework for our strategic planning process, which is currently under way.



Robert J. Uram

MISSION

Our mission is to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Tribes. Our primary objectives are to ensure that coal mines are operated in a manner that protects citizens and the environment during mining and assures that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

VISION

In regulating active coal mining, we will maintain compliance at high levels and ensure that all mines are properly operated and promptly reclaimed to the standards established under the Act. We will emphasize prevention and ensure that long-term environmental problems do not

occur. We will ensure that the premining productivity of the land is restored.

In reclaiming abandoned mine lands, we will aggressively pursue reclamation with a primary emphasis on correcting the most serious problems related to public health, safety, and the general welfare. We will ensure maximum public benefit through the prompt and fair distribution of public funds.

In cooperating with State regulatory authorities, the primary enforcers of SMCRA, and with Tribes, we will promote a shared commitment to the goals of the Act. We will develop comprehensive understandings about the fairness, effectiveness, and efficiency of SMCRA programs. We will provide constructive program reviews, oversight monitoring, and technical assistance that focus on results. We will act independently to protect the public interest in situations of imminent harm or when a

State does not implement an approved regulatory program.

In dealing with those who are affected by mining and reclamation, we will ensure the protection of citizens from abusive mining practices, be responsive to their concerns, and allow them full access to information needed to evaluate the effect of mining on their health, safety, general welfare, and property.

In our relations with the coal industry, we will have clear, fair, and consistently applied policies and will respect the importance of coal production as a source of our Nation's energy supply.

In all communications, we will maintain open, courteous, constructive, and timely dialogue and will use information to understand and improve our programs and those of our State and Tribal partners.

In demonstrating leadership in mining and reclamation, we will promote the

development of the highest quality technical information and research and will seek the transfer of technology to those who would benefit.

In meeting our responsibilities, we will be a diverse, competent, innovative, and highly-trained work force. We will serve with integrity, and demonstrate technical, legal, administrative, and professional excellence at all times. We will constantly strive to create a more responsive, efficient, and effective process for achieving SMCRA's objectives.

Appalachian Clean Streams Initiative

In 1977, when President Carter signed the surface mining law, thousands of miles of the nation's streams were polluted by acid mine drainage. In fact, this was one of the main reasons the

law was passed. Now, 17 years later, acid mine drainage is still the number one water quality problem in the Appalachian region. Thousands of miles of streams in 13 Appalachian states and the Midwest have been destroyed or severely damaged by acid mine drainage and remain unreclaimed. In addition, hundreds of miles of currently healthy streams face a daily threat from acid mine drainage.

Acid mine drainage associated with coal mining occurs when acid-forming materials containing sulfide are exposed to air and water. When acid mine drainage problems are eliminated, the restored streams provide major economic benefits to the region by creating recreational waters, enhancing the availability of drinking water, and supporting the beauty and biological diversity that characterized the premining ecosystem.

This year the Office of Surface Mining took a major step forward and developed the Appalachian Clean Streams Initiative, a multi-agency federal effort, in consultation with states, citizens, universities, the coal industry, and the environmental community, to establish a focused, on-going effort to clean up polluted streams. This is the first major initiative undertaken by the Office of Surface Mining since it was created in 1977. In addition, the Office of Surface Mining's overall acid mine drainage policy will help prevent future acid mine drainage in the Appalachian ecosystem.

Implementation of the acid mine drainage policy through the Eastern Mine Drainage Federal Consortium will address methods to prevent acid mine drainage problems. The Office of Surface Mining has changed the way inspections are conducted so that potential acid mine drainage perpetual discharge problems can be detected while the operation is active, as opposed to the past procedure that only detected it after mining was completed and it was too late to correct.

The consortium, a partnership of federal agencies, has been formed to focus available resources on establishing a better scientific basis for evaluating coal mine permits in acid-prone areas.

Office of Surface Mining Priorities

Since my confirmation as director of the Office of Surface Mining, I've met with many people throughout the country -- citizens, mine operators, environmentalists, community officials, and tribal leaders -- and I've listened to their concerns. Most of them say there have been successes at the Office of Surface Mining; however, they all talked about the agency's checkered past. This year, the Office of Surface Mining has developed a set of priorities as a way to eliminate many chronic problems and achieve significant progress in implementing the surface mining law.

Solving the Office of Surface Mining's organization, management, and communication problems has become my number one priority. To meet the needs of our constituents, we have to change the way we do business. In addition, under Vice President Gore's National Performance Review all federal agencies must meet a 12 percent reduction in employees by 1999. For the Office of Surface Mining, this means reducing our staff from 1,260 people in 1989 to 889 by 1999. In addition, we have a 1:5 supervisory ratio this year; the plan is to go to 1:12 in the planned reorganization, and to 1:15 by 1999. This year many steps were taken to help the Office of Surface Mining become more efficient and effective.

Our second priority is to improve our relationship with the states by building on the concept of shared commitment and focusing on on-the-ground results. We are eliminating prolonged process disputes, and both the Office of Surface Mining and the states are committed to achieving reclamation goals. The next priority is to improve our

relationship with citizens and the industry. The surface mining law is a program that really focuses on the land. You can see, you can measure, and you can walk on the accomplishments that have been achieved. It's critically important that all those concerned about the land and this program are involved in implementing the surface mining law, with all affected parties participating in the decision-making process, and that the importance of coal producers is respected.

The fourth priority is a common sense word: prevention. Preventing environmental problems from occurring is much more efficient and cost-effective than fixing problems after they occur. Everyone in the business world knows it's many times more expensive to fix a problem than to prevent one. That's particularly true in environmental programs.

Our fifth priority is to aggressively pursue the abandoned mine land program. Recognizing that the President and the Congress have difficult budget issues, I have been and will be an advocate for increased appropriations for abandoned mine land reclamation within the administration.

During 1994 we have focused our efforts on those priorities, and although this year was just the beginning, much of the progress described in this report shows the strength and effectiveness of this direction. The Office of Surface Mining's dedicated employees and their state counterparts have achieved increased success this year. If all those involved with Surface Mining Control and Reclamation Act implementation work together, there is no limit to what can be accomplished. We welcome your comments and suggestions for improvement.



SUMMARY FOR FISCAL YEAR 1994

T H E Y E A R I N B R I E F

This began as a year of transition for the Office of Surface Mining (OSM) and ended as a year of renewed focus and clear direction. Early in the year

Secretary of the Interior Bruce Babbitt named an Interim Management Team for the Office of Surface Mining until a director was confirmed by the Senate.

The Interim Management Team conducted a thorough evaluation of the Office of Surface Mining. It started by interviewing employees and those with a stake in what the Office of Surface Mining does -- state regulators, coal industry representatives, environmentalists, labor union officials, and citizen groups. The team produced an action plan designed to address problems identified during the interview process. This plan provided the building blocks for 1994, and, after adoption by Director Uram, a number of actions were set in motion that have provided renewed enthusiasm and clear, positive direction for all those involved with implementing the

surface mining law.

A **Mission and Vision Statement** was developed to serve as the framework for Office of Surface Mining activities.

A **Comprehensive Strategic Plan**, which evolved from the mission and vision statement, will guide the Office of Surface Mining for the next five years. Out of this effort will come operational plans that align day-to-day activities with the goals of the strategic plan. This work has been designed to lay a foundation for effective and efficient day-to-day operations for years to come and fulfill the commitment the Congress made to the American people when it passed the surface mining law. This foundation has already accomplished the following:

Restructuring the Office of Surface Mining to make it more responsive to the needs of citizens and the regulatory community. A team of career employees developed a realignment plan based

on a regional structure. The plan conforms to the government streamlining initiatives of Vice President Gore's National Performance Review. This restructuring will achieve a high-priority goal -- improving the Office of Surface Mining's management, administration, and operation. If approved by Congress, the new structure should be fully implemented in 1995.

The Appalachian Clean Streams Initiative, the first major initiative since the Office of Surface Mining was created in 1977, is a cooperative effort that involves federal, state, and local governments, as well as citizens, corporations, and universities, in cleaning up acid mine drainage in Appalachia. This initiative focuses resources and energies at the federal, state, and local levels on addressing one of the main problems that originally prompted passage of the Surface Mining Act and has remained a major environmental problem in the region.

OFFICE OF SURFACE MINING 1994 MILESTONES

NOVEMBER 15, 1993

Secretary of the Interior
Bruce Babbitt named
Interim Management Team
and appointed Anne H.
Shields Acting Director of
the Office of Surface
Mining.

MARCH 10, 1994

Robert J. Uram confirmed
as the seventh Director of
the Office of Surface
Mining.

MARCH 25, 1994

New mission and vision
statement issued to guide
the operations of the Office
of Surface Mining and focus
work of the employees.

Another priority this year has been **abandoned mine land reclamation**, with a focus on correcting the most serious health, safety, and general welfare problems. The Office of Surface Mining has become an advocate within the Administration for increased abandoned mine land appropriations so that more of the fees paid into the Abandoned Mine Reclamation Fund are used to accomplish reclamation.

Customer service standards developed in 1994 will help agency employees better serve coalfield citizens, the general public, and the coal industry. With the standards in place, employee teams are addressing problems and developing innovative solutions.

A sound **state-federal relationship** is the foundation for real progress under the surface mining law because the states and the Office of Surface Mining should operate under a shared commitment to carry out the requirements of the Act. This year, the Office of Surface Mining has renewed its efforts to clarify what shared commitment means, including developing a set of principles that will form the basis for the state-federal working relationship and result in a mission and vision statement in common for the Office of Surface Mining and the states.

Another part of this relationship is the **state performance evaluation process**. The policy now identifies

states that are better able to act on their own, as well as states that need more help from the Office of Surface Mining. The process is aimed at heading off problems and reducing conflict. A new interim policy, developed this year, moves toward emphasizing on-the-ground results more than processes that bear no direct relationship to achieving those results.

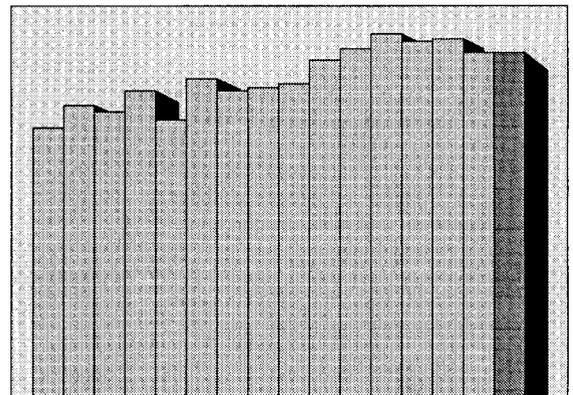
National Standards of Excellence are being developed. In the future, the Office of Surface Mining will document how well reclamation performance standards are being met by states. The Office of Surface Mining and the states will be able to enter into performance agreements to define the scope of program responsibilities and commitments for each. This effort links state program evaluation directly to results achieved.

This year, the Office of Surface Mining made progress toward **improving the rules that govern active mining**. The Office of Surface Mining published final Applicant Violator System (AVS) procedures, with corresponding permit information rules. The Office of Surface Mining was proactive in trying to see that all concerned parties were prepared for this change. In July, a letter to coal associations offered training to members on how

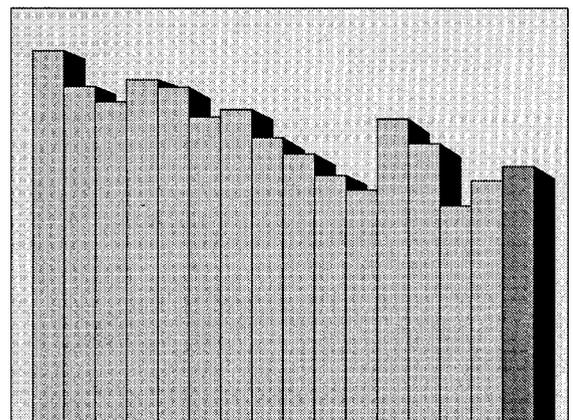
to use AVS to identify and resolve ownership and control problems before they affect the ability to obtain permits. AVS information is available toll-free (800-643-9748).

The final rule on **liability for subsidence damage** is scheduled to be published early in 1995. This rule is designed to protect citizens from subsidence damage while being fair to the coal industry.

Remining rule changes were proposed in June, limiting the revegetation responsibility period and the liability for pre-existing conditions. Comments are now being reviewed, and a final rule is being prepared. New incentives contained in this rule will make it easier for operators to recover coal from abandoned sites without being unfairly liable for past reclamation shortcomings. Reclamation through remining can be a key to solving many environmental problems at abandoned



Coal Production 1979-1994



Number of Mines 1979-1994

SEPTEMBER 22, 1994 SEPTEMBER 28, 1994

Customer service standards established to improve the way people's needs are met when dealing with the federal government on coal mine reclamation matters.

Acid Mine Drainage Policy Team released report that makes controlling and avoiding acid mine drainage at coal mine sites nationwide one of the highest environmental priorities.



Louis Amodt, a senior reclamation specialist with the Utah Abandoned Mine Reclamation Program, describes the danger of open shafts to a group of youngsters. This award-winning reclamation project covered open shafts with iron grates, which provide safety to hikers and limited environmental disturbance during construction.

Services Administration. The committee is expected to be formed in the near future.

Another priority is improving the **Office of Surface Mining's relationships with citizens and coal producers.** This means protecting citizens from abusive mining practices and being responsive to their concerns. It means sitting down with states, citizens, and the industry and trying to resolve problems around a table rather than in a courtroom. This year Director Uram met with citizens in the coal fields resulting in their involvement in planning state performance evaluations.

At its core, the surface mining law is about prevention, but the Office of Surface Mining has not always emphasized this enough in the past. Beginning in 1994, that changed. The Office of Surface Mining began using existing data systems and information to identify potential problems and to **avoid reclamation failures and bond forfeitures.** The Office of Surface Mining now works with the states to anticipate and to try to prevent problems, instead of having to fix them after they occur.

A review of progress over the 17-year life of the Office of Surface Mining clearly shows that 1994 was a highly productive year, noteworthy for setting the stage for effective implementation of the surface mining law in the future.

Standing on the Babb Creek inversion well, Bob McCullough and citizens with the Pennsylvania Environmental Defense Fund describe the improved water quality resulting from their project. This facility routes the creek through a pipe containing crushed limestone to reduce acidity.

mines. The Office of Surface Mining is working to make sure the rules promote responsible re-mining.

Negotiated rulemaking of **performance standards and permitting requirements for reprocessing coal waste** also began this year. These rules should serve as incentives for cleaning up refuse piles. Reclamation of coal refuse piles for burning in fluidized bed combustion furnaces is an effective use of the remaining coal resource, with the added benefit of eliminating associated abandoned mine problems.

One of the greatest areas for potential improvement in the way the Office of Surface Mining operates stems from technological innovation. This year, the Office of Surface Mining began to encourage **electronic permitting** to capture the efficiencies this technology

can bring to both the coal industry and to regulators.

An **Office of Surface Mining advisory committee** was approved by Secretary Babbitt, and final approval was received from OMB and the General

