

BUSINESS LINE: ENVIRONMENTAL RESTORATION

		FY 2000 Enacted	Uncontrollable Costs	Program Change	FY 2001 Request	Difference from FY00*
Regulation & Technology **	\$\$\$	425	7	0	432	7
	FTE	2	0	0	2	0
Abandoned Mine Land	\$\$\$	181,019	367	14,399	195,785	14,766
	FTE	105	0	0	105	0
TOTAL	\$\$\$	181,444	374	14,399	196,217	14,773
	FTE	107	0	0	107	0

** Civil Penalty Collections (\$275,000) are included in total with no change estimated in FY 2000.

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 and funding for State and Tribal operated emergency projects. The State Program Evaluation program activity funds OSM's evaluation and oversight of the State and Tribal AML reclamation operations. The Federal Reclamation Program funds emergency reclamation projects in States without their own emergency program, high-priority projects in States and Tribes that do not have a reclamation program, and OSM's administration costs of these projects. 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: REPAIR,
RECLAIM AND RESTORE AS MUCH
LAND AND WATER AS POSSIBLE
THAT IS DEGRADED BY PAST MINING
TO PROVIDE AMERICA WITH
CLEANER AND SAFER LAND AND
WATER**

Environmental Restoration emphasizes the enhancement of public health, safety, and general welfare by correcting eligible problems associated with past mining practices; 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, and construction of public facilities. OSM provides funds to States and Tribes for administering their approved AML programs. OSM also evaluates State and Tribal AML programs, abates high-priority coal mining-related hazards through the Federal Reclamation Program where OSM has the responsibility as the

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reclamation authority, and fosters partnerships for the Appalachian Clean Streams Initiative aimed at addressing acid mine drainage/water pollution problems.

Strategic Outcome: An increase in the number of acres reclaimed by the Surface Mining Program.

Indicator/Measure(s): Strategic goals and measures for 2002 are provided to put in perspective (provide linkage to) the 2001 Annual goals. Those goals and activities that are accomplished through the Abandoned Mine Land (AML) Program include the cooperative efforts of the Office of Surface Mining, State, and Tribal Reclamation offices. Those goals and activities that are accomplished by the Office of Surface Mining are measurements of OSM's program results.

Table 2: Strategic Measures and FY 2001 Measures	1999 Actual	2000 Est.	2001 Estimate	Annual Perf. Goals
<p><i>By 2002, OSM will provide reclamation grants and award funds (100%) within 60 days of receipt of a complete application.</i></p> <ul style="list-style-type: none"> • In FY 2001, OSM will provide grants and award funds within 60 days 98% of the time. 	93%	95%	98%	1.1
<p><i>By 2002, the AML Program will increase the proportion of reclaimed/funded pre-SMCRA coal high-priority abandoned sites to the total AML inventory to 55%.</i></p> <ul style="list-style-type: none"> • In FY 2001, the AML Program will increase the proportion of reclaimed/funded pre-SMCRA coal high-priority abandoned sites to total AML sites by .2%. 	0.8%	0.6%	0.2%	1.2
<p><i>By 2002, the AML Program will reclaim approximately 40,000 acres on all abandoned coal mine sites (reclamation priorities 1-3, pre- and post-SMCRA).</i></p> <ul style="list-style-type: none"> • In FY 2001, the AML Program will reclaim approximately 9,100 acres. 1/ 	7,400	8,100	9,100	1.3
<p><i>By 2002, the AML Program will abate emergency hazards through OSM and State emergency reclamation programs.</i></p> <ul style="list-style-type: none"> • In FY 2001, the AML Program will report the number of emergency hazards abated. 	308	426	400	1.4
<p><i>By 2002, OSM will increase the number of newly begun cooperative Acid Mine Drainage projects under its Appalachian Clean Streams Initiative.</i></p> <ul style="list-style-type: none"> • In FY 2001, OSM will increase the number of newly begun cooperative acid mine drainage projects to 46. 	29	42	46	1.5
<p><i>By 2002, OSM will increase the percent of non-OSM funds to OSM funds on Acid Mine Drainage projects under the Appalachian Clean Streams Initiative to 62%.</i></p> <ul style="list-style-type: none"> • In FY 2001, OSM will increase the percent of non-OSM funds from outside sources for the Clean Stream Initiative will be 62% 	55%	60%	62%	1.6

1/ The FY99 accomplishments for acres reclaimed is a calculated estimate. Past reports from States and Tribes included more than one fiscal year. The projects funded by the increase may occur 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 all known Priority 1 and 2, pre-SMCRA coal reclamation problems, each classified as either unfunded, funded or completed. Unfunded problems are mine-related hazards identified by the States, Tribes or OSM as meeting of the reclamation priorities described in SMCRA. Funded problems are mine-related hazards where construction contracts have been awarded to reclaim them. Completed problems are those hazards where reclamation work is complete. The AMLIS also contains information regarding funded and completed Priority 3 coal and post-SMCRA coal problems and information for completed non-coal problems.

Two measures are used to assess success of the restoration program. One measure is the number of acres reclaimed each year. However, because the number of sites and unreclaimed acres in the AMLIS continues to grow every year as new problems are identified and lower priority problems gain higher priority, another measure is also needed. The second measure is the ratio of unfunded acres compared to the combined acres funded and completed. Based on historical data and assuming present funding levels, the AML program will, by 2002, have either completed or funded 55% of the current inventory sites. This percentage figure is, subject to change if a large number of additional eligible sites are added to the inventory.

Actions Required to Achieve Annual Goals: In FY 2001, 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 2001 President's Budget requests \$168.2 million for State and Tribal funding for AML reclamation and emergency program; \$2.3 million for State Program Evaluation; \$21.3 million for the Federal Reclamation Program of which \$16.1 million is for projects; and \$4 million for Program Development and Maintenance. For efforts related to water quality improvements, the budget proposes increases of:

- \$12.4 million for State and Tribal regular AML grants to repair, reclaim and restore as much land and water as possible; and
- \$2 million for increase to Appalachian Clean Streams Initiative grants and cooperative agreements.

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

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Table 3 - Justification of Program and Performance

Environmental Restoration

Summary Increases/Decreases for FY 2001
 (Dollars in Thousands)

Program Activity	Regulation & Technology		Abandoned Mine Lands		Total		Inc/Dec
	2000	2001	2000	2001	2000	2001	
State and Tribal Funding	0	0	154,802	168,201	154,802	168,201	13,399
	FTE	0	0	0	0	0	0
State Program Evaluation	0	0	2,174	2,256	2,174	2,256	82
	FTE	0	24	24	24	24	0
Federal Reclamation Program	275	275	15,102	16,102	16,377	16,377	1,000
Projects: <i>Emergency High-Priority</i>			10,970	10,970			
			4,132	5,132			
Operations	144	150	5,020	5,201	5,164	5,351	187
	FTE	2	53	53	55	55	0
Program Dev/Maint	0	0	3,921	4,025	3,921	4,025	104
	FTE	0	28	28	28	28	0
TOTAL	419	425	181,019	195,785	181,444	196,217	14,773
	FTE	2	105	105	107	107	0

** Civil Penalty Collections (\$275,000) are included in total with no change estimated in FY 2001

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 (threats to public health and safety) and priority 2 (general welfare problems) sites remain unreclaimed and over \$1.6 billion of unreclaimed priority 3 (environmental hazards) sites have been identified by States and Tribes. In 1999, Pennsylvania added \$3.6 billion of additional watershed problems to the inventory (priority 2).

The AML Fund receives revenues through the collection of coal production fees (35 cents/ton of surface mined coal; 15 cents/ton of coal mined underground; and 10 cents/ton of lignite) which are paid by operators of active mine sites. Payment collection compliance is ensured by the Financial Management business line.

SMCRA establishes that 50 percent of the fees collected be allocated to the State from which they were collected for use in the State reclamation program on eligible coal and non-coal abandoned sites. If a State 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. Congressional concern over rural landowners and residents resulted in the establishment of RAMP to be financed through the AML Fund. To date, appropriations for RAMP have been \$196 million. No funds have been requested for RAMP in FYs 1996 - 2000, and none are included in the Administration's FY 2001 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 Appalachian Clean Streams Initiative is funded from

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this share in FY 2000, and proposed to continue with funding from this share in FY 2001.

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 for the health benefits of eligible former coal mining employees and their beneficiaries. OSM makes an annual transfer payment to the Trustees of the Combined Benefit Fund based on the Trustees' estimate of the amount needed to pay for the eligible health benefits.

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, man-made cliffs. Reclamation grants to States and Tribes comprise the vast majority of this program activity.

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 2001. An increase of \$12.4 million is requested for non-emergency, non-clean streams grants.

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, contractual negotiation, contract awarding, actual construction, 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 to proceed with a specific project. 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.

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In the 1990 amendments to SMCRA, the minimum program funding level was authorized at \$2 million per State. The minimum program level amount includes the State Share, the Historical Coal Share, and an additional supplemental amount (charged to the Federal Expenses Share). This supplemental amount is deducted from what the non-minimum program States would have received to bring the total grant amount to the established minimum level as long as the State has an inventory of unreclaimed coal high-priority reclamation projects at or above the minimum level. Since FY 1995, funding for this program has been limited to \$1.5 million per State.

In FY 2000, a significant increase of \$9.5 million was appropriated for State and Tribal grants. These additional funds will enable the non-minimum program States to do additional reclamation than otherwise would have been possible. However, the minimum program States, who have equally worthy sites in need of reclamation, were not able to share in this increased funding.

The minimum program States are efficient, well run programs. Any increase in the amount appropriated for minimum programs would be applied toward reducing health and safety hazards in the coal fields. The National Association of Abandoned Mine Land Programs supports a restoration of the \$2 million minimum level. The minimum program States have said they need the \$2 million level but did not want it at the expense of impacting other States/Indian tribes as total grant funding remained stable. With the increase of \$12.4 million in non-emergency, non-Clean Streams grants, OSM support the States' request that the minimum program amount be returned to the authorized \$2 million level.

The following eight States qualified for the minimum program funding level in FY 2000 at the \$1.5 million level: Alaska, Arkansas, Iowa, Kansas, Maryland, Missouri, North Dakota, and Oklahoma. These are expected to qualify again in FY 2001.

b. Appalachian Clean Streams Initiative

In FY 2001, OSM proposes to increase funding for Appalachian Clean Streams Initiative by \$2 million to make available a total of \$10 million. The requested increase would enable OSM to expand its support to State Abandoned Mine Reclamation agencies to identify, evaluate, plan, and construct projects to treat acid mine drainage (AMD). In combination with the requested increase in Reclamation Program Grants, States will have the capacity to increase water quality and watershed restoration priorities without negatively affecting work on health, safety, general welfare and other hazards.

OSM's emphasis on Appalachian Cleans Streams Initiative 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

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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.

OSM started the Appalachian Clean Streams Initiative in the fall of 1994. The Initiative supports local efforts to eliminate environmental, economic, and public health impacts of acid mine drainage from abandoned coal mines in Appalachia. The principle source of acid mine drainage pollution in Appalachia is abandoned coal mines. 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 Appalachian Clean Streams Initiative was designed to facilitate development of partnerships. 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 1999, approximately \$10 million has been provided to eligible States for 48 projects. Projects were identified by the States and additional sources of funding were secured, wherever possible. To date, commitments from other sources have generated approximately \$15 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 Appalachian Clean Streams Initiative grant funding using a base amount of \$125,000 to each of the eligible States, with the remainder distributed based on historical coal production instead of dividing the total available funding by the number of States eligible to participate in the program. Absent inventory data on the extent of acid mine drainage in each State, historical coal production is a reasonable basis for distribution.

Many of the demonstration projects that received Appalachian Clean Streams funding in FY 1997, FY 1998 and FY 1999 are now completed, under construction, or in design, with construction to commence soon. OSM's emphasis on the Appalachian Clean Streams Initiative 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 Wheeler Creek AMD (acid mine drainage) remediation site, part of the South Fork at the Patoka River in southwest Indiana, was completed in 1998. Two anoxic limestone drains, with finishing ponds, were installed to handle a combined flow of approximately 10 gallons per minute of acid water. Chemical characteristics of the seeps were as follows: one seep had a pH of 3.25, and the other was measured at a pH of 4.6, no alkalinity, with a combined iron discharge of nine pounds per day. Upon completion of this Appalachian Clean Streams Initiative project, pH levels have risen to 6.79, approximately 16.42 pounds of alkalinity is now entering the surrounding acidic environment, along with a reduction of three pounds of iron per day. Construction costs were less than \$37,000.
- Phase I of the Lick Creek site, also part of the larger Patoka River (IN) project was completed in 1998. This AMD remediation project involved the installation of an aqueous, anoxic

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limestone drain (ALD), an approach which had never been attempted before with AMD remediation. This approach involves the application of limestone within a five acre, 18 feet deep acid producing lake. Acid water is forced to pass through the limestone, thereby elevating the pH, reducing iron, inducing alkalinity into the water and reducing iron loads. Pre-treatment discharges (75 gallons per minute) from the lake were as follows: pH of 2.9, no alkalinity, 297 pounds per day of acidity, and 36.9 pounds of iron per day. Post-treatment discharges have been as follows: pH is 5.2, alkalinity introduced into the environment is 15.39 pounds per day, acidity had been reduced by 83 percent (251 pounds per day), and an iron reduction of 20 pounds per day. Construction costs were just under \$99,000. Phase II remediation entails land treatments of the acid producing mine spoils and began in the summer of 1999.

- The Loyalsock Creek (PA) project was completed in November, 1999 at a cost of \$587,766. Appalachian Clean Streams Initiative funding was \$462,305; the State of Pennsylvania used AMD set aside funds in the amount of \$125,461. This project treated two discharges totaling over 4,000 gpm of acidic water, using a series of successive alkalinity producing systems. The discharges significantly degraded six miles of the 54 mile drainage of Loyalsock Creek, and was the only source of mine drainage in the watershed. The 6 miles will be restored to a cold water trout fishery with the completion of the project. Loyalsock Creek is a major trout and recreational water resource except for the degraded section, and its rare in Pennsylvania that clean up of one problem site can totally clean up a watershed. So far, water chemistry results are good. The project also involved the Sullivan County Conservation District, White Ash Land Association; Pennsylvania Fish and Boat Commission; and the Bureau of Water Quality Management.
- The Oven Run (Koonztown, PA) site was completed in 1999 at a total cost of \$951,953, with \$462,305 from Appalachian Clean Streams Initiative and \$489,648 from 10%AMD set aside funds. The project treats a 300 gpm discharge of AMD using a successive alkalinity producing system. Together with the other AMD projects in the watershed, 10 miles of stream will be improved, and three miles will be restored to fishery. This project is one of six completed or planned for the Oven Run watershed of Little Stoneycreek River, which is a local water supply and major water resource of the Johnstown/Somerset County region. The projects will also significantly enhance the recreational use of the river. The projects are being constructed under a multi- million dollar P.L. 566 plan prepared by the Natural Resources Conservation Service (NRCS), and involves funds from NRCS, EPA, Pennsylvania Department of Environmental Protection, and OSM, as well as several local watershed groups including the Stoneycreek/Conemaugh River Improvement Project (SCRIP). SCRIP is widely recognized as a model for successful watershed group organizations. Numerous other organizations and individuals are members of the partnership formed to clean up Oven Run.

OSM implemented the new Watershed Cooperative Agreement Program as part of the Appalachian Clean Streams Initiative in FY 1999. The program allows OSM to award money directly to private not-for-profit agencies, such as small watershed organizations, to undertake local Acid Mine

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Drainage (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 for funding. Eleven cooperative agreements were awarded, ranging from \$22,000 to \$80,000, for a total cost of \$750,000.

Funding for the watershed program was increased to \$1,750,000 in FY 2000. As part of the overall AML increase in the FY 2001 President's Budget, OSM is proposing to increase program funding by an additional \$1 million.

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

- The Headwaters Charitable Trust, in Clarion County, Pennsylvania, received funding on behalf of the Mill Creek Coalition, a multi-partner watershed association formed in 1991 to clean up the sources of AMD in Mill Creek, a tributary of the Clarion River. The project will construct treatment systems on five AMD discharges. The cooperative agreement funding of \$80,000 will supplement five other construction funding sources, for a total project cost of \$323,922.
- The Four Rivers Resource Conservation and Development Area, Inc., in Petersburg, Indiana, received funding of \$44,762 for the Enos Run Project. The Patoka South Fork Watershed Group will eliminate an old abandoned aircraft landing strip, constructed from coal refuse in the 1940's, which was draining into Rough Creek, a tributary of the South Fork of the Patoka River.
- The Friends of the Cheat, Inc., received \$77,915 to construct an AMD treatment system at the McCarty Highwall site in Preston County, West Virginia. Four other organizations are supporting the project. The project will restore water quality for possible fish habitat in the lower stretches of Beaver Creek of the Cheat River watershed.

c. State Emergency Programs Grants

In FY 2001, OSM will continue to encourage States to assume responsibility for emergency AML reclamation projects. States that operate their own emergency programs fund the emergency projects from their AML grants. 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. 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.

The current 25 percent limitation on State and Federal reclamation funds going to any single State creates difficulties in meeting the needs of States. In FY 1999 the appropriated level of emergency funds is \$18 million, which means that only \$4.5 million may be spent per State. Under the current law, if a State found it necessary to spend all of its funds during the first portion of a year, there

would be no funding available for emergencies which might occur toward the end of the year. This has happened in West Virginia during FY 1997 and FY 1998, when the State experienced above-average localized precipitation in coalfield communities. OSM proposes elimination of this restrictive provision in FY 2001.

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.

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 observations 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, has 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.

The revised 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, they are reviewed each year to determine the progress being made. This system allows the State or Tribe the autonomy to conduct its program, and still provides OSM with an effective vehicle to ensure that the program is functioning properly.

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.

3. Federal Reclamation Program

This program activity funds the following components:

- emergency projects;
- high-priority projects;
- outcrop and underground fire control projects; and
- 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. Consequently, OSM administers over half of the emergency abatement work done in the U.S. each year.

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 (excavated overburden) 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.

During FY 1999, OSM undertook 132 emergency abatement projects; including 96 in Pennsylvania, 31 in Kentucky, 3 in Colorado, and 1 each in Michigan and Washington. Kentucky required the most money, over \$5.2 million, abating relatively high-cost landslides. A portion of Kentucky money was provided through carry-over funds. Most of the emergencies occurring in Pennsylvania were relatively low cost subsidence events.

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When notified of a possible emergency situation on Federally-administered land, OSM personnel will visit the site, usually within 24 hours, to verify that the situation constitutes an AML emergency as defined in SMCRA. When the situation is determined to be an emergency, OSM conducts remedial action as quickly as possible to abate the emergency situation.

In FY 1999, of the 180 potential emergencies referred by OSM field offices, 20 were determined to be not of an emergency nature, were not a result of mining of coal, or were reclaimed by the landowner; 24 were still under investigation at the close of the fiscal year, and remainder became emergency projects. Non-emergency mining-related complaints were referred to the States for consideration as high-priority abandoned mine land grant projects.

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 1999, the Office of Surface Mining initiated nine non-emergency projects; two in Michigan, three in Tennessee, and one project each in California, Georgia, Washington, and on the Jicarilla Apache lands in New Mexico. This ensures continuation of the systematic reclamation efforts underway in Washington and Michigan and the completion of almost all inventoried projects in Georgia. Tennessee, with an unfunded inventory of over \$16 million sites to reclaim, 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 mining related? In some instances, extensive field and office work is needed to determine if the condition is, in fact, mining-related. This determination can at times be particularly challenging when the mining activities in the area occurred decades ago. Another challenge is that since these are emergency situations, 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 begin the development of the abatement plan. This includes:

- obtaining the right of entry, as necessary, for access;
- developing engineering plans and specifications needed to carry out the abatement plan;
- preparing and mailing bid packages to potential construction contractors;
- conducting pre-bid and pre-construction conferences on site to assure that contractors understand the abatement plan, and its desired results;
- awarding contracts;
- coordinating, managing and inspecting all aspects of the ongoing construction;
- reviewing, approving and paying invoices;
- developing and managing processes to ensure proper accounting and management of funding.

OSM also performs the technical work related to the compliance of the National Environmental Policy Act (NEPA) and the Historic Preservation Act. This involves determinations and consultations with other State and Federal agencies, along with the documentation of all the requests to approve a project as an AML emergency.

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 lands are not eligible to be reclaimed with monies from the AML Fund. 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.

In fiscal years 2000 and 2001, OSM estimates \$275,000 will be collected respectively and used to fund similar reclamation 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 transferred for use at other sites. Using the forfeited funds, OSM issues and administers contracts for reclamation to be performed 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.

4. Program Development and Maintenance

This program activity provides funding for reclamation program management and programmatic guidance to States and Tribes.

OSM also assists States and Tribes to build on successes and enhances primacy by implementing the reengineered 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 has an ongoing process of reviewing existing policy in the Environmental Restoration business line. Whenever necessary, policy is revised to meet the existing needs of the programs and to keep abreast of changes to the law.

OSM works directly with the States and Tribes, through State and Tribal associations (such as the National Association of Abandoned Mine Land Programs (NAAML)) 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 which enables OSM to make programmatic decisions in a collegial manner. Examples of activities are: (1) working with NAAML to decide the winners of the annual AML Reclamation Awards; (2) working with the Natural Resources Conservation Service (NRCS) to develop a partnership that utilizes its experience and ability in the reclamation program; (3) participating with NRCS and EPA in conducting an Acid Mine Drainage workshop for States and local watershed organizations; and (4) 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.

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.

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During FY 1999, the State Reclamation Plan amendment activity was as follows:

Table 4-State Reclamation Plan Activity FY 99				
Number of Amendments				
Amendment Type	Pending Oct.1,1998	Received FY 1999	Completed FY 1999	Pending Sept.30, 1999
Informal	0	1	1	0
Formal	6	6	8	4
Total	6	7	9	4

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. A significant enhancement to AMLIS implemented during FY 1997 and FY 1998 was the capability to create maps showing the locations of AML Problem Areas.

In FY 1999, AMLIS was modified to maintain the Bureau of Land Management's AML inventory. Also, we have been working 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 takes a decentralized team approach to grants management with a small policy staff in the headquarters office. The day-to-day grants and program management is performed in the regional/field offices, and the financial tracking occurs under the Financial Management business line. Under the grants management program, the OSM team and the State/Tribal grantees cooperate to maximize the use of available funding and operate an effective program. Grantees provide input to the program 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. The intent of the new rules is to achieve more AML reclamation by allowing contractors to offset reclamation costs by removing and selling coal found incidental to reclamation projects.

Under this new 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.

Before developing a proposed rule, OSM distributed a draft of the rules for public comment and conducted outreach to a wide audience of State officials, local interest groups, and national environmental groups. OSM held a number of public meetings to gain input on the proposal and received comments from interested parties. After taking both the written comments and the input received at the public meetings into account, OSM proposed the rule on June 25, 1998, for public comment (63 FR 34768).

Already, three States have taken steps to use the new rule. Pennsylvania has amended its AML program and identified 25 projects to be done under the provisions of the rule. Of these, OSM has

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already concurred that construction can begin on 6. Ohio published its final rule to amend its program on November 22, 1999 and Virginia published a proposed amendment on October 8, 1999.

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Justification of Program Changes:

Environmental Restoration	FY 2001 Budget Request	Program Changes (+/-)
\$(000)	196,217	\$14,399
FTE	107	0

Reclamation Program

Grants \$12,399,000

Relationship to Performance Goals.

In FY 2001, OSM proposes a \$12.399 million increase for regular (i.e., non-emergency, non-Clean Streams) grants to States and Indian tribes. This increase supports OSM's goal of increasing the proportions of reclaimed pre-SMCRA coal high priority sites to total abandoned sites. This increase is intended as the first step of a multi-year effort to fund the AML program at a level commensurate with fee receipts.

The FY 2001 increase will be directed to high priority and environmental problems caused by historic abandoned coal and other mine sites. Such an increase is consistent with the President's Clean Water Action Plan. The additional funds will result in approximately 1,000 acres more being reclaimed than otherwise would be the case.¹

In addition to restoring land and waters to productive use and removing existing health, safety and general welfare hazards, the increased funds will generate additional economic benefits to local communities. Since many of these sites are in areas of the country that have not enjoyed the full benefits of the improving economy, the direct and ancillary jobs created through the increased expenditures will be especially beneficial. There also will be increased economic benefits to local communities and their residents. In many cases, there will be a restoration of pride as the residents refocus away from the past negative impacts from coal mining and towards a safer and environmentally healthier community.

The increased funding will be targeted to those States and Tribes that are using AML funds to address environmental problems caused by historic abandoned coal and other mine sites and that obligated to grants all of their distributed portion of the FY 2000 AML appropriation. These two special provisions will focus the increase on coal mining related problems in States and Tribes with

¹ Actual completion of projects will take anywhere from one to three years after initiation depending on the complexity and scope of each project.

a demonstrated ability to use the appropriated reclamation funds.

Appalachian Clean Streams Initiative

\$2,000,000

Relationship to Performance Goals

In FY 2001, OSM proposes to increase support for clean water efforts by \$2 million. Of the total, \$1 million is proposed for the Appalachian Clean Streams grant funding to States; the remaining \$1 million is proposed for OSM cooperative agreements with local organizations such as not-for-profit groups, and especially small watershed organizations. The increase directly supports OSM's goal of improving water quality in streams damaged by acid mine drainage (AMD).

Through the traditional State grant processes, eligible States receive special grant funding to be used as seed money to combine with other available funding sources for the planning, design, and construction of AMD restoration projects related to pre-SMCRA coal mining water pollution. The success of the Clean Streams Initiative has generated an ever-increasing network of project sponsors and cooperators. The special grants, which unlike the regular AML grants require partners, have achieved an overall 1:1 leverage rate.

In FY 2000, \$1.75 million is being devoted to the new OSM watershed cooperative agreement program. Procedures for not-for-profit watershed groups to apply for such cooperative agreements were announced in the December 27, 1999, *Federal Register*, and through other appropriate mechanisms. Unlike the Clean Streams grants to the States that are mainly seed money to start attracting partners and get the project going, the cooperative agreement program mainly will be finishing money. That is, the final amount necessary for the project to proceed to construction: the money that makes the difference. Also, the increased funding over the FY 1999 cooperative agreement program is allowing for the funding of some administrative costs associated with the projects. Watershed groups identified a critical need for funds to aid in planning and monitoring projects.

The requested \$2 million increase takes the Clean Streams Initiative to its targeted annual level of \$10 million and will enable OSM and its partners to build upon the solid, early success of the Initiative. OSM will continue to consult with the States and our non-government partners to determine how best to maximize our assistance by providing seed money through the State grant process and finishing funds through direct cooperative agreement assistance. The Appalachian Clean Streams Initiative responds to several Administration initiatives, including the Clean Water Action Plan and American Heritage Rivers. Our FY 2001 goal for environmental restoration is to increase the number of new Clean Streams projects to 46 and to leverage the funds so that 62 percent of the money comes from other sources.