

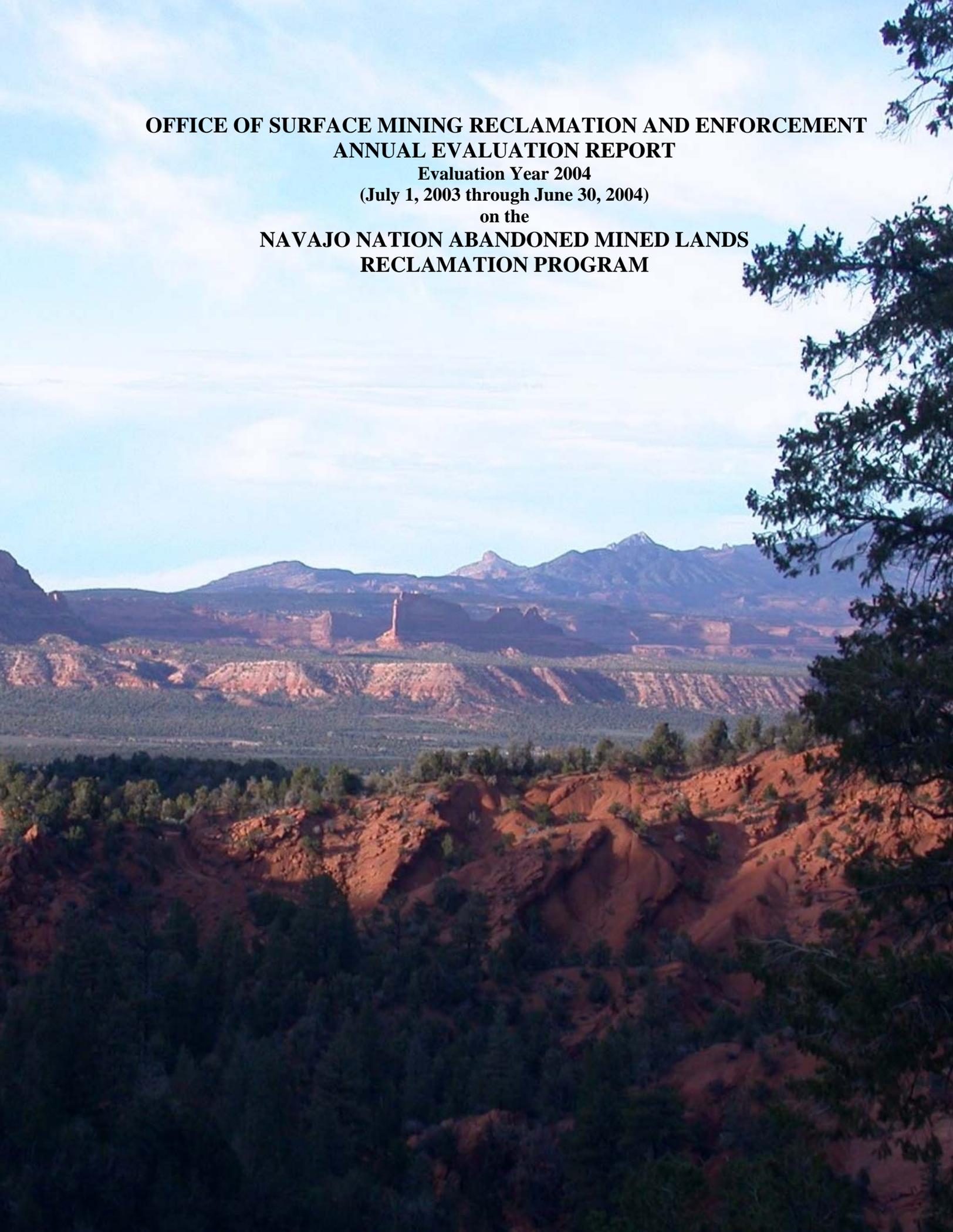
**OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT
ANNUAL EVALUATION REPORT**

Evaluation Year 2004

(July 1, 2003 through June 30, 2004)

on the

**NAVAJO NATION ABANDONED MINED LANDS
RECLAMATION PROGRAM**



INTRODUCTION

This annual evaluation report is produced by the Office of Surface Mining (OSM) in fulfillment of its Statutory responsibility [under the Surface Mining Control and Reclamation Act of 1977, (SMCRA)] to annually assess the accomplishments of the Navajo Abandoned Mine Land Reclamation Program (Navajo AMLRP). The Navajo AMLRP is under the Executive Branch of the Navajo Nation Division of Natural Resources. The annual report consists of OSM's oversight findings based on field inspections and meetings with the Navajo Abandoned Mine Land Program during the 12-month evaluation period beginning July 1, 2003 and ending June 30, 2004.

The Office of Surface Mining Reclamation and Enforcement (OSM) is responsible for approving State and Tribal AML Reclamation Programs to carry out the goals of Title IV of SMCRA. The primary goal of Abandoned Mined Land (AML) Programs approved under the SMCRA, is to mitigate the effects of past mining by reclaiming abandoned coal mines. The primary emphasis is placed on correcting the most serious problems endangering public health, safety, general welfare, and property. SMCRA provides for reclamation of both coal and non-coal mines abandoned prior to 1977; however, coal mines have priority for funding. Once this is accomplished, SMCRA places emphasis on the remediation of non-coal mines. SMCRA also authorizes the use of State or Tribal AML funds for public facility or infrastructure projects as a way of off-setting past and present mining related impacts to affected communities.

On behalf of the Secretary of Interior, OSM administers the Abandoned Mine Lands Reclamation Fund by awarding grants to States and Indian Nations, to cover the costs associated with both program administration and project construction. The OSM Western Regional Coordinating Center's (WRCC), Albuquerque Field Office (AFO) provides assistance to the Navajo AMLRP and also evaluates NEPA compliance, inspects reclamation sites and PFP construction sites and summarizes the Navajo AMLRP's 12-month accomplishments in an annual report.

PART I. GENERAL INFORMATION

Program History:

On May 16, 1988, OSM approved the Navajo AMLRP. This approval provided authority for the Navajo Nation to use AML funds to reclaim abandoned mines on the Navajo Nation. Navajo AMLRP did not apply for an Emergency Program, so OSM retained the authority for reclamation of "emergency" AML projects.

On May 4, 1994, the Secretary of Interior concurred with the Navajo AMLRP's certification that all known eligible priority-1 and priority-2 abandoned coal mines were reclaimed. Since receiving certification in May 1994, the Navajo AMLRP used its AML funds almost exclusively for reclamation of eligible abandoned non-coal (uranium and some copper) mines. The Navajo AMLRP anticipated having all known and eligible abandoned mines reclaimed by the end of FY-2004. The Northern reclamation project was the final non-coal reclamation project in the Navajo AMLRP's AMLIS inventory. It was successfully completed in May 2004. Northern AML project included the Sanostee-1, Cove-4, and Beclabito-4 sites located in the Lukachukai and Carrizo mountains. For the most part, this project completes their inventory of non-coal sites,

however, a few small abandoned coal mine sites; and gob piles have since been identified that will be added to the inventory for reclamation.

In 2001, the Navajo AMLRP amended its Navajo AML Reclamation Plan to provide the authority to use AML funds for the construction of public facilities as a means of mitigating or offsetting current and past mining related impacts to impacted communities. In 2002, the Navajo AMLRP funded its first Public Facility Projects (PFP). Beginning in 2005, AML construction funds will be used for construction of PFPs, reclamation of newly identified coal sites or maintenance of previously reclaimed coal and non-coal sites. PFPs primarily repair, expand or add new infrastructures or public buildings. Maintenance projects repair reclaimed sites that have seriously eroded due to inadequate vegetative cover stemming from seven years of drought.

The Navajo AMLRP operates under an annual budget of approximately \$3.5 Million. In EY-2004, the Navajo AMLRP had both mine reclamation projects and public facility projects concurrently under construction. Some field staff worked on both reclamation and PFPs and others specialized on one type or the other.

This is the second consecutive year that the Navajo AMLRP used AML funds to construct Public Facility Projects (PFPs). Almost all PFPs funded by the Navajo AMLRP were jointly funded projects, involving both AML funds and funds from Chapter, Tribal, State, or other Federal agencies. The approved Navajo AMLRP Reclamation Plan refers to these jointly funded projects as “leveraged” projects, a concept that is intended to increase the benefit obtained from the limited amount of AML funds available to the Navajo Nation.

PFP submissions that were funded so far can be grouped into four main categories:

- 1) Buildings for Chapter Houses, Community Centers, Multi-Purpose Buildings, Senior Citizen Centers and Head Start facilities;
- 2) Infrastructure projects such as water lines, sewer lines and electrical power lines;
- 3) Infrastructure projects for roads or exit ramps and sanitation facilities; and,
- 4) Commercial/business development projects such as an Arts and Crafts Center.

Program Staffing:

The Navajo AMLRP has three office locations to serve the Navajo Nation. The main office is in Window Rock, Arizona, where the Navajo AMLRP Department Manager and administration personnel are located. There are two field offices, the Shiprock, New Mexico office, and the Tuba City, Arizona Office are primarily responsible for AML and PFP field activities. The Navajo AMLRP currently has a staff of 28 full-time equivalent positions (FTE's). The Navajo Nation Personnel Department completed a full personnel evaluation in FY-2002. As a result of the evaluation 25 positions were reclassified, three (3) remained unchanged and (6) were either vacant or phased out entirely. In addition, the Navajo AMLRP Director made some minor staffing changes and reassignments as a result of adding the planning and construction of projects authorized under 411(f) of SMCRA to the existing workload.

Both the reclamation work and the public facility / infrastructure projects are basically being accomplished with the same staff. Seven of the 28 occupied positions share time with the Navajo Nation's Uranium Mill Tailings Remedial Action Program (UMTRA).

Grants and Financial Information:

According to data published on OSM’s Web Page, the undistributed Tribal Share Balance for the Navajo Nation as of September 30, 2003 was over \$29 M (\$29,294,334). The Balance increased by about \$1M at the end of 2003 and as of March 2004, the balance was again at \$29M. The Tribal Share Balance data for the end of the evaluation period (June 30, 2004) is not yet published and available.

The following AML grants were either active or closed out during the evaluation period:

Grant Number	End of Grant Period	Amount
GR807810	03/31/02	\$11,959,525.*
GR107810	12/31/03	\$4,270,653.
GR207810	12/31/04	\$8,249,799.
GR307810	12/31/05	\$3,202,765.
GR407810	12/31/06	\$4,044,524.

* Final drawdown was made 12/22/03 and the balance was de-obligated on 01//07/04.

Grants Administration

In October 2003, the Navajo Nation Contract Accounting Department converted to new Financial Management Information System (FMIS) accounting software for all of its operations. Although the Contract Accounting Department converted in October, the Grant Agreement Accounting Division did not have full access to archived records until February 2004. Access to these records is essential to reconcile accounts. The Navajo AMLRP accounting staff informed OSM that this is causing delays in submitting programmatic and financial reports to OSM on time. OSM is aware that the situation is beyond the control of Navajo AMLRP and is therefore continuing to approve the Navajo Nation’s requests for late mandatory report submittals as a result of this situation.

Program Maintenance:

To date, the Navajo AMLRP amended their AML Plan only twice. The latest amendment was in 2001. It provided the legal authority for Navajo AMLRP to fund and construct public facility projects. In addition, the Navajo Nation Resources Committee of the Navajo Nation Council approved revisions to their “Proposal Procedures for Navajo AMLRP Public Facility Projects” in 2002. There are no oversight issues with regard to maintenance of the Navajo AML Plan and the Plan is considered to be consistent with SMCRA.

PART II. NOTEWORTHY ACCOMPLISHMENTS

OSM would like to highlight the following items that Navajo AMLRP has excelled in. Program accomplishments are also summarized in Part IV of this report.

Program and Project Management:

The Navajo AMLRP’s management and leadership are excellent. Especially considering that the Navajo AMLRP Manager (Director) also has responsibility for the Navajo UMTRA Program

which operates in unison with the U.S. Department of Energy. The newly developed Public Facility and Infrastructure aspects of the Navajo AMLRP are quite successful as evidenced by the diversity of project completions that were within budget, timely completed and delivered the product specified. Navajo AMLRP staff exhibit high dedication to the Program's objectives and morale appears to be high. NAML routinely invites OSM to important events and meetings, both managers and staff are always professional and cordial. Action items and recommendations are always well received by the Navajo AMLRP and are always carried out.

As mentioned before, the Navajo AMLRP has office locations in Window Rock, Arizona, Tuba City, Arizona and Shiprock, New Mexico. All three offices work on both reclamation projects and public facility projects, including NEPA compliance. The three AML offices support each other and coordinate well on projects. Enthusiasm has been demonstrated in both ridding the Navajo Nation of uranium hazards and in developing and completing infrastructure and public facility projects for impacted Chapters. Chapters and Tribal entities appear to hold the Navajo AMLRP in high regard. The Navajo AMLRP is known within the Navajo community for delivering on its promises and for not making promises it can't keep. Communities appreciate the technical assistance and explanations related to projects and the Navajo Nation procurement process that the Navajo AMLRP offers as part of their outreach to chapter communities.

In 2004, the Shiprock and Tuba City offices were reorganized (streamlined) to facilitate joint cooperation on AML reclamation work and a mixture of PFPs. Because of this reorganization, the Northern AML reclamation project was completed one month earlier than scheduled.

Of special importance to OSM is that all three offices provide support and assistance to OSM in gathering information for oversight purposes and in leading and coordinating oversight inspection tours in the field for both PFPs and AML reclamation. Navajo AMLRP has typically been responsive to OSM's schedule in order to accommodate requests for oversight inspections on short notice. Federal / Tribal cooperation is exceptional and the Program has been especially responsive to OSM concerns and needs for information. Coordination meetings with OSM are always cordial and productive and usually result in a lot of action items for both parties. This cooperation facilitates the oversight process and ultimately the preparation of this annual report.

Navajo AMLRP has been able to efficiently use its administration and construction grant funds. The Navajo AMLRP is considered by OSM to be very cost effective. The amount of construction activities completed annually easily justify the Program's staffing level, in fact, the multi-faceted Program gets a lot done with a staff of only 28 FTE's, given the number of contracts active at one time, the distances between projects, the vastness of the Navajo Nation, the number of impacted Chapters, and the difficult terrain. What has been most important to OSM is that projects have been consistently brought on line, contracts are let out, and construction is completed on schedule. As a result, the AMLIS inventory of non-coal reclamation is essentially completed as of this year.

The Navajo AMLRP has done an excellent job with short term and long term planning and budgeting for both its program administration and construction sub-accounts. Although it is a difficult task because of the Program's multi-faceted involvement in both mine reclamation work and public facility project work. Reclamation work includes field data collection, project

development, design engineering, NEPA compliance, maintenance work, and two-year contractor warranties / inspections. Public Facility work includes project development, contracting for design engineering, NEPA compliance, public outreach, project selection, contracting, coordination with other agencies on jointly funded (leveraged) PFPs, and technical assistance to Chapters.

Navajo AMLRP has done an excellent job of planning and budgeting over the years. This is possible because most of the activities are performed in-house and not contracted out. This year again, despite having both public facility projects and reclamation projects in construction simultaneously; the Navajo AMLRP has again accomplished its fiscal objectives.

Technical Assistance:

The Navajo AMLRP cooperates with other federal agencies to assist with related initiatives and data sharing on both AML and Public Facility Projects. Often, Navajo AMLRP is called upon for assistance to other agencies by providing updates and Navajo interpreters for events, meetings, interaction with the public and access to property. As mentioned above, an Agreement is in effect with the Navajo EPA to share data that the Navajo AMLRP office has acquired for its AML sites. Also, when other Navajo Nation Departments are doing work in AML communities, they typically contact Navajo AMLRP to verify that their project will not impact any AML reclamation and is not within the project boundaries of an AML project(s).

Navajo AMLRP has developed several training presentations for development of PFPs such as planning, communication, writing grant proposals, environmental compliance, construction management, contract management, project management, and construction monitoring. The Navajo AMLRP staff assigned to PFPs, routinely translate / interpret complex technical information for the public in English and/or Navajo as necessary.

Award Nominations:

This year Navajo AMLRP nominated the Beclabito AML project(s) for the OSM reclamation award. Although the Beclabito nomination was not selected for an OSM award this year, it was an excellent project that implemented a diversity of reclamation techniques and also includes a Public Facility project (Beclabito Head Start School Facility). The main concept behind the project was to stress that SMCRA law was fully maximized (both PFPs and reclamation authorities). The Beclabito Chapter had abandoned coal and non-coal sites which were reclaimed in several phases. Through the construction of a public facility (Beclabito Headstart School) Navajo AMLRP attempted to compensate the community for mine related impacts and inconveniences. This is the intent of Section 411(f) of SMCRA. The PFP was successfully completed in March, 2003. The new Headstart facility replaced the home-based teaching program and is currently being used.

2004 National AML Conference:

In September 2004, the Navajo AMLRP will voluntarily sponsor the 2004 National Association of AML Programs (NAAML P) Conference in Flagstaff, Arizona. The Navajo AMLRP

volunteered to sponsor the event in 2001. Given the small size of the Navajo AMLRP and its workload, this is worthy of recognition and exemplifies the positive findings in this report.

Public Outreach:

The Navajo AMLRP worked with its oversight committee, the Resources Committee of the Navajo Nation Council to develop PFP procedures and criteria to assist Chapters impacted by mining. There is a tremendous need for public facility work (new infrastructure and improvements) on the Navajo Nation as demonstrated by the 110 PFP proposals received in 2002 in response to its first request for project nominations / proposals.

The demand for PFPs has necessitated substantial involvement in public outreach by the Navajo AMLRP. The Navajo AMLRP began its outreach by holding public orientation meetings with Chapters impacted by past or present mining activities, to explain Navajo AMLRP responsibilities, PFP provisions, and the eligibility & selection requirements for PFPs. After plausible projects were identified, the Navajo AMLRP worked with individual Chapters to provide technical assistance in development / refinement of project proposals and to resolve NEPA concerns and get projects to “construction ready” status [had the necessary National Environmental Policy Act (NEPA) documentation completed and engineering design plans].

Active Public Facility Projects:

In 2002, the Navajo AMLRP received their first PFP proposals in response to a request for proposals (2002-RFP). In all, a total of 110 proposals were submitted to Navajo AMLRP. A five member “Project Review Committee” was established, from respective Navajo Nation departments, to review and rank each of the proposals, in accordance with the project proposal procedures developed by the Navajo AMLRP. Twenty of the 110 project proposals were selected for funding. Nineteen of the 20 were funded using regular AML funds and one project was funded with AML set-aside funds. Some of the twenty project proposals were construction ready and others required assistance from Navajo AMLRP in getting the Environmental Assessment or Categorical Exclusion ready for submission to OSM.

By the end of EY-2002 (September 30, 2002), Navajo AMLRP had submitted 15 of the twenty PFP packages to OSM each requesting that OSM issue a Findings of No Significant Impact (FONSI) and an Authorization to Proceed (ATP). OSM was able to issue a FONSI and an ATP for 14 of the 15 project submissions. One of the packages required additional NEPA documentation and was returned to Navajo AMLRP (it was resubmitted during EY-2003).

During EY-2003 (October 1, 2002 through June 30, 2003), two of the remaining six PFP application packages were submitted to OSM for approval. Both were approved. In EY-2004 the remaining four (4) more projects were submitted to OSM for approval. FONSI’s and authorizations to proceed were issued for all four.

Navajo AMLRP issued a second RFP in Navajo FY-2003. In response to the RFP, Navajo AMLRP received 38 new PFP proposals. Navajo AMLRP reviewed the proposals internally for eligibility and then forwarded all eligible projects on to the Project Review Committee for review and selection. The Project Review Committee selected six (6) of them for funding.

Because Navajo AMLRP realized that project development was eating into the 3-year timeframe allocated for construction grants, Navajo AMLRP decided to not issue a third RFP in Navajo FY-2004. Instead, they decided to have the Project Review Committee select from the remaining 32 (eligible but unfunded) projects from the previous list of 38 proposals (32 remaining of 38 received in 2003). So, in Navajo FY-2004 the Project Review Committee selected another 6 of the 32 remaining proposals for funding.

During EY-2004:

- Six of the original 19 PFP proposals for FY-2002 were either in active construction or completed. The other 13 were in project development.
- Of the six projects selected for funding in 2003, two were in construction (Chinle Valley School- Group Home Renovation and the Huerfano Chapter- Multi-Purpose Building). The other four were in project development.
- During EY-2004, Navajo AMLRP was assisting with project development for these projects so that they can reach construction next year. The six projects selected for funding in 2004 are scheduled for construction upon completion of project development.

In EY-2003 and EY-2004 NAML worked with the original 19 Chapters and entities whose projects were selected for funding in 2002, to provide guidance regarding project development and construction management, so that the projects could begin construction. Several of these projects entered construction in either 2003 or 2004, and many of them are currently completed and are fully functional (see Table 2 through 4).

As previously mentioned, so far project submissions can be grouped into four main categories: 1) Buildings such as Chapter Houses, Community Centers, Senior Citizen Centers, Health Facilities, Multi-Purpose Buildings and Head Start or School facilities; 2) Infrastructure projects such as water lines, sewer lines, electrical lines, sanitation facilities, sewer/waste disposal sites and roads or exit ramps; 3) commercial/business development projects such as an Arts and Crafts Mall.

In summary, Navajo AMLRP is doing an effective job of project development and construction management. With this workload Navajo AMLRP staff is being utilized very effectively.

Active AML Reclamation Projects:

In EY-2003, OSM approved 6 reclamation project sites and a maintenance project. Six of the seven sites were included in either the Central AML or the Northern AML construction contracts. The Central AML contract included the Sweetwater-2, Black Mesa-3 and Bidahochi-1 sites and was completed in EY-2003.

The Northern AML contract included the Beclabito-4, Cove-4 and Sanostee-1 and was completed in EY-2004. This completes the bulk of non-coal mine reclamation inventory in AMLIS for the Navajo Nation, pending any new sites being reported. Project development for the Burnham AML Coal Reclamation / Outcrop Fire Project is completed, and construction is scheduled to start in August 2004. Aside from project maintenance or any previously undiscovered mine sites, all future work will consist of public facility / infrastructure construction. It is not anticipated that a significant amount of the total Navajo AMLRP funds will be used for AML reclamation in the future.

Navajo AMLRP uses contractors to complete all of the on the ground construction work and all other aspects of reclamation are done in-house by the Navajo AMLRP. Navajo AMLRP provided the project specifications, held pre-proposal tours and pre-construction conferences, awarded the contracts, and then monitored the construction work. Construction contractors proved to be reliable by completing construction work on schedule and by adhering to project specifications. OSM field inspections of the Northern AML reclamation project demonstrated state of the art reclamation & techniques that have proven to be effective in this area of the southwest.

GIS Data Base Development & Sharing:

The US Army Corps of Engineers awarded \$100,000 to Navajo AMLRP for a contractor to develop a GIS database for all non-coal (uranium, vanadium & copper) sites inventoried or reclaimed by the Navajo AMLRP. The contract was awarded to Terra Spectra in August 2003 by US Army Corps of Engineers. Work is scheduled to be completed in August 2004. Data is being collected for the database in UTM coordinates. The purpose of the database is for data sharing between Navajo Nation departments and other entities for community related projects. AMLIS has been incorporated into the Database. The Navajo AMLRP GIS Database was developed in ArcINFO to continue utilizing the assistance of the OSM TIPS program. Navajo AMLRP may request for future assistance in terms of equipment and technical support, once the database fully reaches its use by Navajo AMLRP staff.

AML issues also remain with the US EPA and Navajo EPA in regards to potential surface/sub-surface water contamination and radioactive mine waste problems within reclaimed AML areas. A data collection task has been initiated for a Chapter Atlas and a GIS database for this effort, to further evaluate reclaimed areas. US EPA is in charge of the Chapter Atlas development and started on the Red Valley Chapter area within Apache County, Arizona and San Juan County, New Mexico. The database for Red Valley is a pilot project between Navajo AMLRP and USEPA to see how such desktop information can be used for other areas.

Overall Program Accomplishments:

Table 1 at the end of this report lists reclamation projects, by grant number, that were active during EY-2004. Tables 2 through 4 list by evaluation year, PFPs that have been funded. Table 5 lists EY-2004 AMLIS hazard accomplishment data and Table 6 lists cumulative data (year to date) for AMLIS hazards. Navajo AMLRP has informed OSM that it intends to enter its project development costs in AMLIS under "other." Project development is considered to be a construction cost rather than an administrative cost. Construction contracts awarded by Navajo AMLRP combine several sites under one contract. This is done as a cost saving measure. Construction costs are broken down into key construction costs as a percentage for each site so that they can be entered into AMLIS. For example, the Northern Project contract involves three sites (schedule of values). The contract proposal for the Central Project came in using unit costs so it was easier to enter into AMLIS.

Coal Outcrop Fires:

Navajo AMLRP received \$16,000 from OSM for elimination of coal outcrop fires in 2004. This work is scheduled for construction in the summer of 2004. The fire is in the Burnham area of the

Navajo Nation. Also, Navajo AMLRP submitted an application to OSM for 2005 funding of another coal outcrop fire in the same general area. Project development for this fire project will be done in the fall of 2004.

Computer Network:

Navajo AMLRP has effectively implemented their own Local Area Network and Wide Area Network among three offices and between the OSM-TIPS offices. The access to TIPS software is critical for Navajo AMLRP to do their engineering work. The Navajo AMLRP still faces the challenge of keeping up with the ever changing technology, particularly cost-wise. The Navajo AMLRP has received the final product (database) from the Army COE funded contract (see GIS Data Base Development & Sharing above). The database is so large that the existing computers have a difficult time processing queries, etc. The Navajo AMLRP is doing a cost analysis to determine what options are available to overcome the problem (replacing the GIS computers with higher end equipment vs. upgrades such as increased memory, etc.). In addition, the Navajo AMLRP has continued to upgrade, enhance and stabilize the system network. Firewalls are also being installed to further improve security and virus protection.

AML Maintenance Work:

Navajo AMLRP incorporates a 2-year warranty period on all their reclamation contracts. This means that Navajo AMLRP must conduct field inspections of reclaimed projects just before the expiration of the warranty period to see if any maintenance work is needed. If so, they must coordinate this work with the contractor for that project. Navajo AMLRP has consistently conducted such maintenance inspections and typically brings the contractor back for some maintenance although usually nothing too major. In addition, Navajo AMLRP recently revised its checklist used for non-2-year maintenance inspections. The checklist is a tool to make sure that they catch everything during inspections that would require the Navajo AMLRP to take corrective action. Typically, such maintenance is most likely to occur on projects done early on by the Navajo AMLRP when it did not have much experience. OSM was shown several sites during EY-2004 where Navajo AMLRP wants to go back and fix some previously reclaimed problem areas that are exhibiting erosion or settling.

PART III. RESULTS OF ENHANCEMENT AND PERFORMANCE REVIEWS

The regulatory objective of the annual evaluation process is to evaluate the effectiveness of AML Programs in:

- 1) Administering the responsibilities of their AML Plan and the obligations under approved grant(s);
- 2) Complying with Title IV of SMCRA by eliminating high priority hazards associated with abandoned mines; and,
- 3) Complying with any special initiatives important to OSM as the lead Federal agency.

For the last two years, Navajo AMLRP has been actively involved in both AML reclamation and PFP projects. The Northern AML reclamation project, completed in 2004, included the Beclabito-4, Cove-4 and Sanostee-1. With the completion of the Northern AML Project virtually all the non-coal mine reclamation inventory in AMLIS for the Navajo Nation is now

finished. Aside from project maintenance or any previously undiscovered mine sites, all future work will consist predominately of public facility / infrastructure construction projects.

Because of its dual role, two principles of excellence were selected for evaluation of the Navajo AMLRP during EY-2004, one for PFPs and one for AML reclamation. OSM tailored both evaluation topics to facilitate obtaining necessary information on program accomplishments, program administration, and compliance with the National Environmental Policy Act (NEPA) and cost effective use of grant funds.

Principle 1: Accomplishments in Planning and Implementation of Public Facility Projects under Section 411 (e) and (f) of SMCRA

This year, OSM evaluated the Navajo AMLRP's effectiveness in getting PFPs through the project development stage and into construction in a timely manner. In addition, projects were evaluated to determine if they were completed on schedule and if the project scope and contract specifications were satisfied. The intent of the evaluation is to determine if PFPs are entering construction in a timely manner, if Navajo AMLRP and the Chapter or other lead agency are making progress in constructing PFPs (as designed), and if Navajo AMLRP is ensuring that the final product (PFP) equals or exceeds the scope of the original project design specifications.

To accomplish this evaluation, OSM documented:

- 1) The status of all PFPs selected for funding by the Resources Committee.
- 2) The status of all PFPs in project development or construction.
- 3) Whether the stated goals and objectives (scope of work) was completed on schedule, within budget, in accordance with the contract scope of work, and meets the Navajo AMLRP's or Chapter's stated objective.
- 4) Inspected a sample of PFPs before, during and after construction.
[Note: OSM does not evaluate the quality of construction or compliance with applicable building code. Although DOI and OSM expects any federally funded building construction to meet applicable building code, that is not a function of SMCRA nor is OSM equipped to make such assurances or inspections. Compliance with uniform building codes should be incorporated into building contracts.

There are no performance standards in SMCRA or its implementing regulations that govern the construction of PFPs. However, regulations for public facility projects at 30 CFR 875.15 (c), (d), (e) and (f), require substantial public involvement in the prioritization and selection of projects.

For public facility projects, OSM's view of Program effectiveness is based upon getting projects to construction and successful completion of projects in accordance with the approved grant(s). In other words, accomplishing what was set out in the grant application in a cost effective manner that ensures that completed projects meet the original scope of work and the intended function of the facility. OSM's intent to verify that Projects are being developed and

administered in a cost effective manner, and that completed projects meet the original scope of work and intended function.

Navajo AMLRP pioneered and inspired much of the process & basis that OSM-AFO uses to evaluate SMCRA authorized PFPs. Project evaluation, selection, and use of leveraged funds have all been things promoted by the Navajo AMLRP. OSM-AFO has also gained valuable experience from review, approval and oversight of these initial PFPs.

In EY-2002 and EY-2003 Navajo AMLRP was able to successfully get several project proposals through project selection and development. EY-2003 oversight determined that Navajo AMLRP had fully followed and implemented its approved Plan and procedures titled “PFP Proposal Procedures and Criteria,” in its review and selection of 19 PFP from a total of 110 proposals received. Several of these 19 projects reached construction during EY-2004 and many of them were completed. Two additional projects were funded with set-aside funds by the Navajo AMLRP (the pending renovation of Navajo historic building for AML office space in Window Rock, Arizona and the Cane Valley water & sanitation project). The Cane Valley project was completed in 2003.

Again in 2004, Navajo AMLRP continued to do a substantial amount of Public Outreach to eligible (impacted) Chapters. Numerous project coordination meetings were held with project entities, Chapters and their officials to discuss projects selected for “funding” in order to get them to construction. Navajo AMLRP Projects Specialists were assigned to each funded project to work with the Chapters and other partners to resolve issues and keep projects moving forward. For each PFP under construction, the Projects Specialists made routine site visits to monitor construction and to keep projects on schedule and to assist in contract management.

Navajo AMLRP did an excellent job of preparing Environmental Assessments and National Environmental Policy Act (NEPA) Packages for public facility projects. Categorical Exclusions (CX) are being used appropriately and result in cost effective use of AML funds. Navajo AMLRP requested that OSM sponsor a NEPA training course tailored to PFPs in 2004. OSM agreed and has scheduled the course for late June 2004 in Farmington, New Mexico.

Window Rock and Field AML offices worked continually throughout the year coordinating with the Tribal government, the Resources Committee and other Federal, State or Tribal joint funding Agencies to ensure that each project reached construction and to work out problems that arose. The three AML offices also coordinated with Navajo Design & Engineering Services and Navajo Division of Finance Department to develop contracts, to bid them out, and to get them through the Navajo Nation final signature approval process.

At the end of EY-2003 (June 30, 2003), the following four projects, funded in 2002, were completed (Antelope Canyon Access Road, Black Mesa Powerline Extension, To’Hajiilee Behavioral Health Center and Cane Valley Water Systems Project (set aside)). Four others were in some phase of construction (Oljato Senior Citizen Center, Coppermine Powerline Extension, Coalmine Canyon Multi-purpose Building and Beclabito Head Start Building), and the remaining eleven (11) were either in the procurement process (SAS process) or in project design & development. One of the original 20 projects (Rock Springs Chapter – Chapter House

Building) was relatively behind in their project development schedule so funds were returned to Navajo AMLRP which in turn reallocated the funds to other projects.

During EY-2004 (June 30, 2003 through July 1, 2004), construction was completed on five projects. The four projects (mentioned above) that were funded in 2002 and that had entered into construction during 2003 but which were not completed, were now completed (Oljato Senior Citizen Center, Coppermine Powerline Extension, Coalmine Canyon Multi-purpose Building and Beclabito Head Start Building). In addition, the Lake Valley Senior Citizen Center was also completed in 2004.

Six PFPs were funded in EY-2003. One of which, the Chinle Valley- School Group Home & Dormitory Renovation, entered into construction in EY-2004. The other five PFPs were in the design, planning or contracting phases (Cameron- Dzil Li Bei Elementary School Plumbing Upgrades, Standing Rock- Chapter House Renovation, Tuba City- Monave Powerline Extension, White Cone- Multi-purpose Building, and Huerfano- Multi-purpose building). Tables 2, 3 and 4 at the end of this report list the status of all PFP and their individual funding levels.

Summary:

This OSM oversight review has concluded that Navajo AMLRP is doing an outstanding job of:

- 1) Community outreach and working with Chapters to get a PFP proposal developed for submission to Navajo AMLRP for funding consideration;
- 2) Objectively evaluating and ranking PFP proposals received in accordance with the selection criteria for referral to the Resources Committee. Funded PFPs meet the intent of Section 411(f) of SMCRA. The types of PFPs being selected for funding by Navajo AMLRP directly relate to public infrastructure, water development and safety and health as intended and outlined by SMCRA.
- 3) Projects that are selected for funding ultimately go forward to construction. Navajo AMLRP has completed a tremendous amount of work in getting Public Facility Projects funded, contracted out and ready for construction.
- 4) PFPs are entering into construction in a timely manner.
- 5) PFPs are being constructed as designed. I.e., the product delivered was exactly what was proposed in terms of design specifications and purpose.
- 6) Created a positive working relationship with the Navajo community, Navajo government, and State agencies.
- 7) OSM has been involved in any issues, problems or interactions with Chapters or other government agencies.

PFPs under SMCRA are poised to be a huge success for Navajo AMLRP, the Navajo Nation, OSM and the Department of Interior.

Reliance on leveraged funding from Chapters, Navajo Nation, State entities, and other Federal Agencies, ensures that the Navajo AMLRP is cost effective. Many projects would not have been realized if not for the Navajo AMLRP contributing additional funding toward those projects. In some cases community projects have been on hold for years due to funding shortages that are

now being made available through the Navajo AMLRP. In many cases project construction was not possible without AML leverage funding.

Principle 2 AML Reclamation Accomplishments During the Evaluation Period
(Directive AML-22, Principle 5)

The OSM-AFO annually reports on the status and accomplishments of each State and Tribal AML Program within its jurisdiction. This principle ensures that OSM-AFO submits current information to OSM-HQ regarding the Navajo AMLRP's non-coal reclamation accomplishments. With the completion of the Northern AML reclamation project in EY-2004, Navajo AMLRP has completed reclamation of all safely accessible sites listed in its non-coal Abandoned Mined Land Inventory, aside from any maintenance work or newly identified abandoned mine sites not already listed in the Navajo inventory.

AML Reclamation:

In EY-2004, Navajo AMLRP scheduled and coordinated field tours / inspections at key milestones in the reclamation process. To evaluate this principle OSM inspected the Northern AML reclamation project once prior to construction, once during construction and again after construction.

OSM evaluated the quality of reclamation and adequacy of safeguards based upon the extent of hazard removal or remediation and upon meeting the Navajo AMLRP's own criteria for addressing radioactive material (uranium). In addition, reclamation success was evaluated based upon field observation of post reclamation landscape stability and vegetation success. This approach is consistent with OSM policy to focus inspections on tangible on-the-ground results. There are no performance standards for AML reclamation set forth in SMCRA. Each Navajo AMLRP sets its own standards for reclamation as a matter of policy.

The Navajo AMLRP staff led oversight inspection tours of the Northern project. Navajo AMLRP staff demonstrated that they are very knowledgeable of the project specifications, site locations and project biological / cultural restrictions. Reclamation work at all sites inspected was of excellent quality, hazards were effectively abated or safe-guarded, and biological restrictions specified for NEPA compliance were always complied with (such as scheduling of construction around the breeding season). Cultural resources were clearly flagged in the field to ensure protection or avoidance of damage by contractors.

Projects were designed to enhance long-term stability of the reclaimed land. Radiation hazards were effectively eliminated in all cases. Final grading blended in well with surrounding areas and portal closures were hidden or disguised so as to prevent vandalism or reopening of the hazards. Reclamation work has been both timely and cost effective. The use of both field change orders and partnering has resulted in effective on the ground reclamation. Cooperation between the Navajo AMLRP and its contractors was evident and resulted in reclamation that achieved the desired results despite unknown conditions that presented themselves during the reclamation process. I.e., waste volume estimates are often subject to change when actual excavation work exposes the true volume and extent of waste material. Navajo AMLRP

indicated that it tends to average out because some areas are overestimated while others are underestimated.

In addition to field inspections, OSM and Navajo AMLRP met on several occasions during the year in Albuquerque and Shiprock New Mexico and in Window Rock and Flagstaff, Arizona. Both parties attended the Southwest Partnership meeting in Taos, New Mexico. Three field visits to Public Facility Projects were made during the evaluation period.

Navajo AMLRP invited OSM Director, Jeffery Jarrett to view a sample of the AML reclamation work and PFP projects so as to improve understanding of the Navajo Nation, their needs and socio-economic conditions as they relate to reauthorization of the AML fee and public facility / infrastructure projects. The OSM Director did not attend but sent the Chief of Staff, Mr. Tom Shope in his place. Several meetings and field tours were conducted on October 6, 7 and 8, 2003 to the Western part of the Navajo Nation. Subsequent to this visit, the Director was able to visit the Navajo AMLRP and Title-V Programs on November 19, 2003 in Window Rock, Arizona, however; this did not involve field tours of AML reclamation or public facility sites.

NEPA Compliance:

Navajo AMLRP did an excellent job of preparing Environmental Assessments (EAs) and National Environmental Policy Act (NEPA) Packages for the Northern AML reclamation project. OSM was able to issue a Finding of No Significant Impact (FONSI) and an Authorization to Proceed based upon the materials and documentation submitted. Impacts were accurately assessed in the environmental documents and biological studies and clearances were contained in the package.

OSM Findings:

The Northern AML reclamation project was the last remaining non-coal project included in the AMLIS inventory. With the completion of the Northern AML Project, the Navajo AMLRP has met their goal of completing all of its scheduled non-coal AML reclamation and removal all of its non-coal reclamation (uranium mine hazards & radiation exposure to the public) that was physically possible using modern heavy equipment and technology. Completion of this monumental task in a cost effective and environmentally safe and friendly manner is consistent with the intent of SMCRA. Navajo AMLRP is commended by the Office of Surface Mining, Albuquerque Field Office for this major accomplishment under SMCRA.

OSM inspections of the Northern reclaimed sites demonstrated that Navajo AMLRP contracted and managed the construction of the reclamation work in a manner that complied with all biological restrictions (for the Northern Project - Mexican Spotted Owl) and cultural/historic restrictions established for NEPA compliance. Furthermore, reclamation was accomplished in a manner that minimizes the need for maintenance, promotes landscape stability, establishes vegetation and enhances wildlife, and adequately safeguards the physical hazards.

The Northern Project involved a variety of reclamation techniques to address the numerous underground and surface mine features, such as addressing about 500 cubic yards of low level, naturally occurring, radio active mine waste (two change orders due to larger than estimated amount of waste material and need for additional importing of topsoil / class A material), mulching and seeding at the Cove area. The Sanostee area involved closure of several portals and covering reclaimed areas with class-A material and re-vegetation / seeding. The Beclabito

area involved PUF (Polyurethane Foam) closure and rock veneer to disguise and elimination of a highwall at a gravel pit operation near a community & highway & powerline. Rimstrips were also reclaimed in all three areas.

The author of this report recognizes that this level of high quality reclamation work was accomplished by the Navajo AMLRP not only for the Northern project but for all AML reclamation projects inspected since 1997. The Navajo AMLRP has been recognized in the past for their high quality reclamation work. In 2003, the Navajo Program received OSM's Regional award for the Cove 2-Phase 2 Project and the OSM Peoples Choice award. Over 1,600 acres of abandoned coal and non-coal mines, approximately 381 vertical shafts and about 862 portals have been reclaimed as a result of these efforts. The Navajo AMLRP spent just under \$23 million in construction costs and took 15 years to accomplish this feat.

AML Maintenance & 2-Year Warranties:

Navajo AMLRP routinely inspects past reclamation for erosion and other problems. In addition, Navajo AMLRP reclamation contracts contain a 2-year warranty clause. The Navajo AMLRP also updated the Maintenance & Surveillance Plan (form) to use when assessing reclaimed sites for stability and the need for maintenance work. It ensures that the engineering designs are working and that radioactive burial sites are not being exposed.

Navajo AMLRP performed five 2-year warranty inspections on past projects as follows:

- September 2003 to the Carrizo 2 AML projects (11 projects located in Beclabito and Oakspring);
- September 2003 to the Tse Tah 3 AML projects (15 projects located in Tse Tah);
- November 2003 to the Oakspring 4 – phase II AML projects (9 projects located in Oakspring);
- December 2003 to the Cove 3 – phase II AML projects (11 projects located in Cove); and,
- April 2004 to the Monument Valley 4 AML projects (22 projects located in Monument Valley to Bluff).

Out of the total of 68 total projects, only 2 projects had to have some work done, which included the rock matrix on the portal backfills.

Following the updating of the Maintenance and Surveillance Assessment format, Navajo AMLRP initiated field assessments in the Cameron, Coppermine, and Monument Valley areas. As a result of the field assessments, ten (10) previously reclaimed projects were selected for correction of some minor erosion problems. Navajo AMLRP has initiated the project development and field surveys for these 10 project sites.

Coal Outcrop Fires:

Navajo AMLRP applied for and received \$16,000 in federal funding to address a coal outcrop fire located in the Burnham Chapter area. At the close of the evaluation period, Navajo AMLRP had developed the plans and contract specifications for the project. The work is scheduled to commence in August, 2004. OSM inspected the preconstruction site and one other coal outcrop fire site for which Navajo AMLRP has assessed and applied for additional funds to address in 2005.

PART IV. ACCOMPLISHMENT AND INVENTORY REPORTS (AMLIS)

AMLIS Database:

OSM will require that all non-coal reclamation and cost data is accurately entered into AMLIS when the construction grant is closed out. That is the earliest time that the AMLIS information is available to the Navajo AMLRP for entry into AMLIS. At this time such detailed cost information is not available to the Navajo AMLRP personnel from the Navajo financial planner for entry into AMLIS. Navajo Finance Department collects financial information and processes draw downs for Navajo AMLRP.

Table 5 at the end of this report contains a list of accomplishments for 2004. Table 6 contains a cumulative tabulation of hazards and the cost associated with safeguarding all AMLIS hazards to date. Navajo AMLRP is commended by OSM for accomplishing the goals & priorities identified under SMCRA by completing its coal and non-coal inventory, subject to newly discovered sites or problems.

Navajo AMLRP is also commended for the quality and extent of its overall reclamation work completed to date. Abandoned coal and uranium mines have posed a serious health threat to the Navajo community for a long time. Completion of this reclamation work marks the end of an era and the beginning of a new era for the Navajo Nation.

Navajo AMLRP is commended for setting-up a successful system for development and management of PFPs. PFPs are an effective use of AML funds on Navajo Lands. Navajo AMLRP has demonstrated that SMCRA, Sections 411(e) and 411(f) provisions for PFPs can be an effective means of off-setting past and current mining related impacts on the Navajo Nation.

Table 1
Navajo AMLRP
Reclamation Projects Active During EY-2004
(by grant number)

Grant Number	Grant term	AML Projects	Status
GR107810	01/01/01 to 12/31/03	Bidahochi-1	Complete
		Coppermine-2	Complete
		Black Mesa-3	Complete
		Cameron-6	Complete
		Sweetwater-2	Complete
		Coalmine Canyon Maintenance	Complete
GR207810	01/01/02 to 12/31/04	Sanostee-1	Complete
		Cove-4	Complete
		Beclabito-4	Complete
		Maintenance	Ongoing
		Public Facility Projects	Ongoing

- Grant GR807810 is currently in the reconciliation process, the other two are not closed out, so the final costs for these projects have not been entered in AMLIS.
- Sanostee-1, Cove-4 & Beclabito-4 comprise the Northern AML Project contract.
- Bidahochi-1, Black Mesa-3 & Sweetwater-2 comprise part of the Central AML Project contract.

**Table 2
Navajo AMLRP
Status of Public Facility Projects Funded in EY-2002¹**

	Grant GR2078210					
	Chapter/ Entity	PFP	AML Funding	Leverage Funding	Total Funding	06/30/04 Status
1	Aneth, Rockwell	Waterline Ext.- Well	300,000	1,019,030	1,319,030	Ongoing
2	Beclabito	HeadStart	200,000	476,000	676,000	Completed
3	Black Mesa	Powerline	297,032	699,453	996,485	Completed
4	Coalmine Canyon ⁴	MPF	300,000	1,251,680	1,551,680	Completed
5	Coalmine Canyon ²	Waterline Ext.	101,400	715,129	752,513	Pending
6	Coppermine, West	Powerline Ext.	60,140	769,584	829,724.00	Completed
7	Cove	Sr.Cit.Ctr.	300,000	252,150	552,150.00	Ongoing
8	Dennehotso, Cane Valley ³	Water System	124,000	1,291,000	1,415,000	Completed
9	Ft. Defiance, Blue Canyon	(P-2) Powerline	189,530	95,540	285,070	Ongoing
10	Lake Valley	Sr.Cit. Ctr.	300,000	300,000	600,000	Complete
11	Manuelito, South	Water System	299,992	2,859,978	3,159,970	Ongoing
12	MV A&C Council	Vendor Vill./Mall	300,000	807,500	1,107,500	Ongoing
13	N.N.Parks&Rec.Dept.	AntelopeCanyon Access Rd.	129,000	54,692	183,692	Complete
14	Oljato	Sr.Cit.Ctr.	295,000	75,000	370,000	Complete
15	Rock Springs ⁴	MPF	0	0	0	Pending
16	Rough Rock	SC Ctr.	266,460	450,000	716,460	Ongoing
17	San Juan	MPF	300,000	1,199,950	1,499,950	Ongoing
18	Tachee-Blue Gap	Sr.Cit.Ctr.	300,000	451,150	752,150	Ongoing
19	To'Hajiilee	BHS Ctr.	300,000	137,052	437,052	Complete
20	Twin Lakes	Sr.Cit.Ctr.&Infra.	202,000	618,000	820,000	Ongoing
	TOTALS		\$1,368,460.00	13,522,888	18,024,426	

1 Cost information in this table is subject to change as projects are completed.

2 Projects No. 5 funded with \$37,384 in set-aside funds and with \$64,016 in regular AML funds.

3 Project No. 8 was funded entirely with set-aside funds.

4 Project No. 15 funds were reallocated to other projects (project No. 5), funding to be determined later.

**Table 3
Navajo AMLRP
Public Facility Projects Funded in EY-2003**

	Grant GR2078210					
	Chapter/ Entity	PFP	AML Funding	Leverage Funding	Total Funding	06/30/03 Status
1	Chinle Valley School	Group Home & Dorm. Rennov.	\$300,000	\$404,973	\$704,973	Ongoing
2	Standing Rock	Chapter House Rennovation	140,000	103,533	243,533	Pending
3	Tuba City	Monave Powerline Ext.	9,480,000	791,137	800,617	Pending
4	Cameron	Dzil Li Bei Elem. Plumbing	299,700	110,000	409,700	Ongoing
5	White Cone	MPB-Phase 2	300,000	30,000	330,000	Pending
6	Huerfano	MPB	150,000	1,976,051	2,126,051	Pending
	TOTALS		\$10,669,700.00	\$3,415,694.00	\$4,614,874.00	

**Table 4
Navajo AMLRP
Public Facility Projects Funded in EY-2004**

	Grant GR2078210					
	Chapter/ Entity	PFP	AML Funding	Leverage Funding	Total Funding	06/30/03 Status
1	Shonto RBDO	Industrial Park	\$300,000	\$40,000	\$340,000	Pending
2	Hogback	Shiprock Vet. Office Bldg.	300,000	475,000	775,000	Pending
3	Shiprock	M/P, Infrastructure Dev., Phase 2	300,000	500,000	800,000	Pending
4	Crownpoint	Dine' Youth Recreation Facil.	22,010	500,000	522,010	Ongoing
5	Upper Fruitland	Chapter House Bldg.	300,000	60,000	360,000	Pending
6	Dilkon	Sewage Lagoon Exp. Phase 2	107,590	107,590	215,180	Pending
	TOTALS		\$1,329,600.00	\$1,682,590.00	\$3,012,190.00	

Table 5
Navajo AMLRP
EY-2004 Accomplishments *

Problem Type and Description	Completed EY-2004	Costs**
Benchs	18.0 acres	\$0
Clogged Stream Lands	0.0 acres	0.
Dangerous Highwalls	1,480 linear feet	\$000000
Dangerous Impoundments	0 (count)	0.
Dangerous Piles & Embankments	23.94 acres	\$000000
Dangerous Slides	0 acres	0.
EF-Equipment/Facilities	0 (count)	0.
Gobs	0 acres	0.
Highwalls	0 feet	0.
Hazardous Equipment & Facilities	0 (count)	0.
Haul Roads	120.48 acres	\$000000
Industrial/Residential Waste	0 acres	0
Mine Openings (prospects)	22 (count)	\$000000
Other	0	0.
Portals	75 (count)	\$000000
Pits	0 acres	\$0
Polluted Water: Agric. & Indust.	0 (count)	0
Subsidence	0 acres	0
Spoil Areas	0 acres	0.
Surface Burning	0 acres	0.
Slump	0 acres	0.
Underground Mine Fires	0 acres	0.
Vertical Openings	0 (count)	0
Water Problems	0 (count)	0
NAVAJO TOTAL COSTS		\$ 1,071,650.***

* This table is based on a Problem Type Unit and Cost Detail Report from the Abandoned Mine Land Inventory System. The Navajo coal inventory is completed. Neither AMLIS nor this table contains an inventory of un-reclaimed non-coal. Non-coal hazards are not tracked by the AMLIS inventory, until they are funded or fully reclaimed.

** Costs associated with AMLIS keywords/ hazards are not entered until the grant is closed out.

***This figure is the contract cost for Northern AML Reclamation Project, indirect costs have not been added and unit costs have not been figured in at this time so this total will increase some.

Table 6
Navajo Abandoned Mine Reclamation Program
Cumulative AML Reclamation Accomplishments YTD*

Problem Type and Description	Completed YTD	Costs**
Benchs	58.25 acres	329,313
Clogged Stream Lands	0.8 acres	0.
Dangerous Highwalls	92,108 linear feet	5,117,086.
Dangerous Impoundments	4 (count)	101,559.
Dangerous Piles & Embankments	567.76 acres	7,545,891.
Dangerous Slides	7 acres	220,394.
Equipment/Facilities	2.0 (count)	12,405.
Gobs	149.9 acres	748,012.
Highwalls	280 feet	24,375.
Hazardous Equipment & Facilities	5 (count)	29,087.
Haul Roads	230.56 acres	949,702.
Industrial/Residential Waste	6.5 acres	108,662.
Mine Openings (prospects)	87 (count)	259,723.
Other	360.1	2,155,359.
Portals	862 (count)	3,235,897.
Pits	121.3 acres	909,900.
Polluted Water: Agric. & Indust.	19.0 (count)	185,901.
Subsidence	12.14 acres	428,496.
Spoil Areas	264.6 acres	432,334.
Surface Burning	3.0 acres	10,000.
Slump	0.0 acres	0.
Underground Mine Fires	.0 acres	0.
Vertical Openings	381 (count)	381,734.
Water Problems	1 (count)	4,337.
NAVAJO TOTAL COSTS		\$22,860,854.00

* Keywords include EY-2004 accomplishments; however,

** Costs & total does not include costs associated with EY-2004 accomplishments as the grant has not been closed out.