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## **GENERAL STATEMENT**

The Office of Surface Mining Reclamation and Enforcement (OSM) was established with the passage of the Surface Mining Control and Reclamation Act (SMCRA) of 1977, Public Law 95-87, August 3, 1977.

SMCRA was enacted to ensure that coal mine surface activities are operated in a manner that protects citizens and the environment during mining, to assure that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines. SMCRA provides the means for restoring abandoned coal mines through collection of a tonnage-based reclamation fee assessed on current coal production.

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OSM's mission goals are to: (1) Provide a cleaner and safer environment by reclaiming and restoring land and water degraded by past mining, and (2) Protect people and the environment during current mining operations and to ensure that the land is restored to beneficial use after mining has ceased.

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Currently, 24 States have regulatory primacy programs in place and OSM continues to work with Indian Tribes to enable them to assume primacy. Twenty-three States and three Tribes administer approved abandoned mine land reclamation programs. The primacy States are successfully implementing their approved regulatory and reclamation programs. OSM's role has evolved to establishing policy direction and guidance, providing grants to primacy States and Tribes, conducting oversight activities in accordance with SMCRA, and administering and operating programs on Federal and Tribal lands and in States that have not assumed primacy.

Since 1977, OSM has provided about \$1 billion in regulatory grants to the States and Tribes to assist in funding the regulation of active coal mines. Since 1979, OSM has provided about \$3 billion in grants to the States and Tribes to clean up mine sites abandoned before SMCRA's 1977 enactment. More than 225,000 acres of abandoned coal mine sites have been reclaimed under the program.

OSM's fiscal year (FY) 2006 budget is a fiscally responsible proposal that enables OSM to effectively and efficiently implement its mission goals. The total budget proposal requests \$356.5 million in current authority, \$57 million in permanent authority, and 580 FTEs. This represents an increase of \$59.976 million over the FY 2005 enacted budget, adjusted by two budget rescissions.

The budget supports the Administration's vision for reauthorizing the AML program. It provides \$147.5 million in AML grants to non-certified States and Tribes and another \$58.0 million in AML grants to certified States and Tribes. The proposed budget will increase the percentage of appropriated AML funds for reclamation of high priority abandoned coal mine sites and provide for the repayment of State shares to certified States and Tribes.

## *Office of Surface Mining Reclamation and Enforcement*

Almost three quarters of OSM's current funding request will be passed to the States and Indian Tribes in the form of regulatory or reclamation grants. OSM will use the balance of the request to provide technical assistance to the States, conduct its oversight responsibilities, implement the Federal Reclamation Program, and carry out its fiscal responsibilities for collecting revenues and awarding grants. OSM implements these programs through three regional and 19 field and area offices.

This budget proposal is closely integrated with and is supportive of the Department's Strategic Plan. It serves communities by protecting the lives and property of the citizens living in proximity to the coal fields; it also protects our Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices. It promotes responsible use of those resources by helping to provide affordable energy while assuring the coal is extracted in an environmentally responsible manner. The budget proposal funds activities that support these mission goal areas through OSM's environmental protection and environmental restoration goals and programs.

This budget proposal supports the Secretary's 4C's – Communication, Consultation, and Cooperation in service of Conservation by working closely with the States and Tribes in administering their regulatory and reclamation programs. It also supports the Secretary's plan for Citizen-Centered Governance and the President's Government-wide management reform agenda by:

- integrating budget and performance measures;
- improving capital asset planning and control;
- improving strategic management of human capital;
- improving financial performance; and
- expanding electronic government.

### **AML Reauthorization**

OSM's authority to collect the abandoned mine reclamation fee expires on June 30, 2005. The Administration proposes reauthorization of OSM's AML fee collection authority, and reform of the AML program that would expedite the elimination of high priority health and safety abandoned coal mines as well as provide for the expedited payment of unappropriated balances to certified States and Tribes.

### *Implementing SMCRA – New Approaches Using Effective Partnerships*

In implementing its mission responsibilities, OSM supports the Secretary's 4C's by working closely with the States and Tribes in administering their regulatory and reclamation programs. OSM also recognizes the importance of working with industry and coal field citizens in implementing SMCRA. This budget proposal supports the Secretary's emphasis on using effective partnerships by communicating, consulting, and cooperating with these constituent groups to achieve SMCRA's objectives.

## *Office of Surface Mining Reclamation and Enforcement*

OSM continues to emphasize the importance of protecting the environment during and after coal mining operations. OSM oversees SMCRA's implementation in 24 primacy States through an oversight process where OSM assists the States in the administration, implementation and maintenance of their approved regulatory programs. Under this approach, performance agreements are worked out by consensus with each State, with the development of State-specific evaluation plans tailored to the unique conditions of each State's program.

OSM, in cooperation with the 23 States and 3 Indian Tribes that have reclamation programs, will continue to clean up land and waters degraded by past mining practices. The grant funds assist in the removal of existing health and safety hazards and restoration of areas to productive use. Additionally, OSM has developed funding and operational mechanisms, such as the Clean Streams Program discussed below, to achieve additional reclamation at less cost in a cooperative manner.

Acid mine drainage is the number one water pollutant in the coal fields of the Appalachian area causing major environmental and public health problems. The Clean Streams Program facilitates and enhances State and local partnerships to clean up acid mine drainage and improve the aquatic environment and quality of life for coalfield citizens. Through this program, OSM has partnered with over 100 State and Federal agencies, local soil and water conservation districts, national conservation organizations, private foundations, and coalfield residents to formalize their commitment to work together through a Statement of Mutual Intent. Many of the demonstration projects that have received funding since program inception are now either completed, under construction, or in design with construction to commence soon.

OSM implemented the Watershed Cooperative Agreement Program as part of the Clean Streams Program. This program allows OSM to award AML funds from the Federal share directly to private not-for-profit agencies to undertake local acid mine drainage projects.

The Acid Drainage Technology Initiative (ADTI) is an example of another effective partnership at work. The ADTI is a partnership-based joint venture, which includes OSM, coal producing States, academia, industry, and other Government agencies and groups. Its purpose is to identify, evaluate, and develop "best science" practices to predict the likelihood of acid mine drainage discharges prior to mining, and to identify successful remediation practices for existing sources of acid mine drainage. Two manuals, one focusing on reclamation techniques and the other on prediction have been issued to date.

OSM will continue its efforts to establish partnerships to improve and increase outreach efforts that allow full participation from its stakeholders in addressing common problems. These initiatives will assist OSM in forging a bond and partnership with its stakeholders that will endure.

To better serve its partners and the public, OSM continues to improve its abandoned mine site databases by working with other agencies to include all abandoned mine sites, both coal and non-coal, in a unified inventory. OSM expanded its electronic permitting program to reduce paperwork and save time and money for both the States and industry. OSM's website contains comprehensive information on regulatory and reclamation matters and even accepts requests

from citizens for Freedom of Information Act requests.

As mining and engineering information technology continues to grow rapidly, OSM continues to lead by providing and enhancing the most up-to-date information, technical training, technical assistance, and technology transfer. These programs greatly help the States and Tribes operate their respective regulatory and reclamation programs in fulfilling SMCRA's requirements.

### Government-wide Management Reforms

As previously noted, this budget proposal supports the Administration's Government-wide management reforms. OSM's budget proposals have integrated strategic goals and associated measures with its budget structure for the past several fiscal years. This proposal also incorporates the Department's Strategic Plan into the budget document. OSM has already developed a succession plan to help strategically manage its human resources. Consistent with Administration guidance, OSM updated its Commercial Activity Inventory. To address improved financial performance, OSM has made nearly one hundred percent of its financial transfers through electronic funds transfer. Because of OSM's expanded Electronic Government initiatives, greater opportunities exist for citizens to access OSM provided information.

A discussion of OSM's efforts in implementing the Government-wide reforms follows.

#### 1. Budget and Performance Integration

##### a) Strategic Plan

This budget proposal supports the Department's Strategic Plan. It serves communities by protecting the lives and property of the citizens living in proximity to the coal fields. It also protects our Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices. It promotes responsible use of those resources by enhancing the benefits that the public receives by helping to provide affordable energy while assuring the coal is extracted in an environmentally sensitive manner.

OSM has linked performance measures to budget formulation. This budget request describes program needs through draft strategic goals and associated performance measures. It fully integrates the Department's mission areas at the budget activity level.

In FY 1997, OSM began this effort by working with the Appropriation Subcommittees to restructure its appropriation to reflect the intent of the Government Performance and Results Act. OSM's current budget structure reflects its major functions (business lines) needed to implement SMCRA.

OSM then developed a Strategic Plan to carry out its mission, vision, and goals, and developed budget resource requests according to its business lines. The primary business lines are Environmental Protection and Environmental Restoration. They are supported by three additional Business Lines – Technology Development and Transfer, Financial Management, and Executive Direction and Administration.

## *Office of Surface Mining Reclamation and Enforcement*

The FY 2006 budget request is aligned with the goal structure in the Department's Strategic Plan, which is outcome-oriented. The plan is organized around four mission goals which encompass the individual missions of the eight bureaus and offices that form the Department.

In developing the President's Budget, OSM addressed the strategic outcomes and annual performance goals, how it measures and evaluates progress toward those goals, and the resources needed to achieve the annual performance goals.

OSM has also refined its activity based cost accounting system for FY 2005 so that managers may more specifically identify the costs of work processes, activities and outputs. OSM currently accounts for costs at multiple levels, both at the Government Performance and Results Act (GPRA) segment level and individual managerial activity level. OSM measures the costs of both the activity's cost and effectiveness such as the cost to reclaim an acre of abandoned mine land, and lower level management costs, such as the cost of issuing a grant.

### *b) Program Assessment Rating Tool (PART)*

Improving programs by focusing on results is an integral component of the President's budget and performance integration initiative. The PART is a series of questions designed to provide a consistent approach to rating programs throughout the Federal government. Programs are rated in four distinct areas: purpose and design, strategic planning, program management, and program results. The Office of Surface Mining conducted PART reviews of its Abandoned Mine Land Grants Program (FY 2004), Regulation of Surface Coal Mining Activities (FY 2005), and most recently, Federal Regulatory and Abandoned Mine Land Program (FY 2006). With the completion of the FY 2006 PART, all of OSM's major programs have been reviewed under the PART process.

The PART review of the Abandoned Mine Lands Grants Program for FY 2004 identified three recommendations for the program. The recommendations and OSM's progress to date are noted below:

- Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclamation;

OSM worked diligently with the Department of the Interior and Office of Management and Budget (OMB) officials in drafting legislative changes to the AML program. Legislation had been presented in both the House (H.R. 3778) and Senate (S.2049 & S.2086). In part, the legislative changes seek to extend the authorization of fee collection authority while balancing the interests of all coal states and focusing on the need to accelerate the cleanup of dangerous abandoned coal mines by directing funds to the highest priority areas so that reclamation can occur at a faster rate, thereby removing the risks to those who live, work and recreate in the coalfields as soon as possible.

*Office of Surface Mining Reclamation and Enforcement*

- Extend the coal fee, which expires on September 30, 2004, to fund the remaining work; and

This provision was part of the above mentioned legislative proposal to amend SMCRA. In addition, Congress extended the fee until June 30, 2005, in its FY 2005 appropriation language.

- Develop long-term measures that are more outcome oriented and develop at least one efficiency measure.

OSM, States and Tribes developed more meaningful performance measures and collected data from States and Tribes for those measures in FY 2004. The measures are:

- Number of stream-miles for which degradation from past surface coal mining has been improved.
- Number of surface acres of water for which degradation from coal mining has been improved.
- Number of active partnering and leveraging agreements.
- The amount of increased funds derived from active partnering and leveraging agreements.
- Number of people with reduced exposure potential to safety risks from abandoned mine lands.
- Percentage of declared emergencies abated within six months.
- Number of people directly affected (emergency abatements).
- Percent of AML grant funds obligated nationally by States and Tribes.

Baseline data has not yet been established so the current targets for the above measures are considered preliminary.

For the FY 2005 PART review, OSM reviewed the regulation of surface coal mining activities. The principal findings from that review are:

- The purpose of the regulatory program is clear, as articulated in SMCRA.
- An independent auditor has not reviewed the regulatory program. However, States and Indian Tribes assess the program annually through meetings and conferences held throughout the year.
- Measurable outcome-based performance goals are needed to effectively and efficiently guide management of the program.

In response to Recommendations 1 and 2, OSM has held several meetings with State representatives to develop new measures. OSM is the regulatory authority for Indian lands and will work with the Indian Tribes in developing the performance measures. In August 2003, a steering committee comprised of OSM and State staff developed initial draft measures. These

measures were presented to States at the November 2003 Interstate Mining Compact Commission meeting. In May 2004, the Steering Committee held its last meeting to refine draft measures. OSM is considering the Steering Committee's recommended measures in its development of final measures.

For the FY 2006 budget process, OSM's Federal Regulatory and Abandoned Mine Land Program was evaluated. The scope of this review included the components of Federal regulation of mining operations in 12 states and on Indian Lands, recommendations on mining plans on Federal Lands; Federal reclamation of abandoned mined lands through high priority and emergency projects; and associated support costs such as technology development and training. Preliminary results indicate that the program is needed and well run. Performance measures for the regulatory program need further development as previously indicated in the FY 2005 PART. OSM continues to work on the development of more meaningful measures in this area. In addition, the PART recommended that FY 2006 funding be targeted to increase the technical capacity of OSM staff and inspectors. This budget request is consistent with that recommendation and provides for funding increases in OSM's National Technical Training Program and Technical and Innovation and Professional Services programs.

*c) Cost and Performance*

OSM will continue its efforts to make ABC an integral part of normal operations, and support the goal of linking budgets and performance. The FY 2006 budget request highlights areas that demonstrate program performance with funding. The reclamation program areas of High Priority Projects and Watershed Cooperative Agreements show a distinct correlation between funding and program results. The National Technical Training Program and Technical Innovation and Professional Services (TIPS) programs are other activities where needs, costs and performance can be clearly demonstrated. The TIPS program conducted a study comparing costs and performance of conducting vegetation assessments for bond release by traditional methods versus using new mobile computing technologies. The net result in one State showed that the new mobile computing technologies used 85 percent less time and resources than the traditional method to complete the task.

Although OSM initiated cost accounting some time ago, FY 2004 marked the second year in which managers were provided more detailed information on costs and outputs. Cost reports are generated monthly, quarterly, and annually. With that data in hand, managers have the information needed to review costs and performance of their functions and programs.

As the availability of information has evolved, so too has its application. For example, OSM initially relied on the ABC data in developing a five-year work force plan. Matching activity costs and expected workload facilitated decisions on future allocation of resources. Managers of the Technical Innovation and Professional Services and the National Technical Training Programs analyzed cost data and customer demand in deciding current and future resource needs to train State, Tribal and federal personnel. In a similar vein, OSM has measured the abandoned mine reclamation fee collection rate, and the cost required to achieve it. By using the data to help identify areas for work process improvements, program staffing was reduced for this function and costs contained. OSM is also using cost accounting data to evaluate its administrative

charges for collecting delinquent debt. The experience being gained in these areas provides a basis for broadening the use of ABC and deriving program performance levels.

At the Department level, OSM is committed to ensuring the work activities are consistent with and can be linked to those of the bureau. OSM will also participate in the Department's cost system planning and development so that information needs at all management levels are met.

## 2. Capital Asset Planning and Control

OSM has instituted a joint business/information technology process, as described in OSM's Capital Planning and Investment Control (CPIC) Guide, to ensure IT investments are aligned with the President's Management Initiatives, DOI and OSM strategic goals and plans; enterprise architecture; meet public expectations; and provide the best value to the taxpayers. OSM prepares capital asset plans on six mission critical systems annually. OSM has continued to place emphasis on the requirement to capture 100 percent of its information technology (IT) spending on the Exhibit 53 and has seen vast improvement in this area.

In addition, OSM has completed a number of the requirements to reach Stage 2 of the GAO Information Technology Investment Management (ITIM) framework including creating an IT investment process, establishing IT review boards, establishing a structured process for selection of new IT projects that ensures investments are linked to DOI/OSM mission goals and business needs. In FY 2005 and 2006, OSM will continue to move toward full compliance in Stage 2 and Stage 3.

## 3. Strategic Management of Human Capital

OSM faces challenges in managing the attrition in its talent pool that is expected to occur in the next few years.

OSM developed a workforce plan that analyzes, identifies, and determines the human capital competencies required to achieve the performance improvements outlined in the Secretary's plan for a citizen centered workforce. The plan and the product clarifies the requirements of our mission-specific program areas and our needs for their support through information technology and finance. The plan establishes milestones and objectives for redirection and a total review of OSM's human capital. The plan provides us with data necessary to evaluate where and what competencies are needed and the related costs of gaining these competencies to support mission accomplishment. As a result, OSM developed a plan to request Voluntary Separation Incentive Payments (VSIP) authority and Voluntary Early Retirement Authority (VERA), which was approved by OPM and is being implemented in FY 2005.

Each manager must continue to review his or her work force operation and competency mix to assure effective and efficient operation. Training will be conducted to fill gaps within existing training budgets. OSM staff will also attend job fairs and recruitment forums as necessary through their existing travel budgets. Management will continue to use pay flexibilities

including recruitment bonuses, retention allowances and student loan repayments which based on past practice are projected to cost OSM \$150,000 in FY 2006. This will include solutions for recruitment of diverse candidates, restructuring of positions, combining competencies, and the placement of employees where competencies can be effectively and efficiently utilized. All of the above efforts will assist OSM and its workforce planning efforts to become a more efficient and citizen centered organization.

In addition, in order to fully implement the Equal Employment Opportunity Commission new MD-715, changes must be made in our current Federal Personnel Pay System. MD-715 requires additional collection and retrieval data in order to complete pertinent reports to EEOC and the Department. Although this will be an overall Departmental initiative, each bureau will continue to assist in the cost of these necessary changes. Much of this will be done during FY 2005, but it will continue into FY 2006. Also, a bureau-wide tracking system will be necessary for employee training.

OSM cascaded Government Performance and Results Act (GPRA) goals and measures into performance plans, and in FY 2005 established a five-level performance appraisal system for all employees to allow for distinctions in the levels of performance.

#### 4. Competitive Sourcing

In accordance with OMB and Departmental guidance, OSM developed a competitive sourcing plan that identified the functions and activities to be studied during FY 2002 and FY 2003. In FY 2002, OSM converted three positions of the 55 FTE identified as being commercial in nature. Both the Competitive Sourcing Team and Executive Council members were trained in a transitional conversion over time process under the Javits Wagner O'Day (JWOD) preferred acquisition program. In FY 2003, under the JWOD program, 25 FTE's comprising OSM's IT Headquarters and financial management IT functions were studied. In FY 2004, OSM determined it would be more efficient and cost effective to institute an organizational restructuring rather than contract out some functions. Through this restructuring, five FTE were eliminated through early-out/buy-out authority. OSM does not plan to conduct any future competitive sourcing studies due to the small number of FTE identified as being commercial in nature.

#### 5. Financial Performance

OSM has received an unqualified or "clean" financial opinion for 14 consecutive years since 1991. In FY 2004, this required meeting shortened Departmental and Government-wide financial statement reporting deadlines. OSM also achieved and maintained an overall "green light" score for the first year of the financial management scorecard and received an overall "10" for best practices in this area.

OSM's web-based management information system continues to allow for wide access and automated administrative reports which allow us time to complete the increasing workload required by departmental initiatives and cost accounting improvements. This reporting

capability also increased efficiency of financial processing by improving the travel and purchase card processes resulting in payment of invoices the day following receipt and vendors were paid on time 99.5 percent of the time during FY 2004. OSM also maintained electronic transfer payments for 99.9 percent of the total dollar amounts paid.

During FY 2005, OSM is expected to convert from its existing administrative systems to the new Departmental Finance and Business Management System. This new system will incorporate nine administrative areas (core financial, budget, travel, charge card, financial assistance, acquisitions, real property, personal property, and management reporting) into a single system. OSM will be one of the first bureaus to make the conversion and as such is spending significant resources to make this conversion a success. We have already assigned two FTEs to this effort and many people have dedicated time on a part-time basis. We expect this effort to peak during FY 2005, but continue to have ramifications throughout FY 2006.

#### 6. Expanding Electronic Government

OSM continues to make progress in each of the four E-government areas: Government to Citizen, Government to Business, Government to Government, and Internal Efficiency and Effectiveness.

OSM Home Page - this web site contains a large variety of information that is used extensively by the public and OSM customers. This has resulted in efficiencies in OSM staff utilization and associated cost avoidances.

Reclamation Fee Reporting - OSM continues its program giving coal operators the opportunity to use a web-based application to electronically file their OSM-1, Coal Reclamation Fee Report. The web-site pre-fills recurring information which minimizes reporting time, automatically calculates coal moisture deductions, and fees due. The system allows companies to make payment on-line, through a seamless interface with Treasury's Pay.Gov system and provides receipt acknowledgement when payments are received. Companies can print a record of data filed, access data on-line through a secured site, and have on-line access to the payer handbook. About 41% of the total active permits, i.e. 1,098, were reported using E-filing last quarter.

Coal Data Sharing and Consolidated Data Collection - OSM is working with the Interstate Mining Compact Commission, the Mine Safety and Health Administration, the Internal Revenue Service, the Commonwealth of Pennsylvania, and the Small Business Administration to establish an electronic single source coal reporting form. The Single Source Coal Reporting e-Form was test piloted as part of the Small Business Administration's Business Gateway, a Presidential Quicksilver Initiative. This initiative offers the potential to reduce the industry's reporting burden. It can also improve the government's efficiency in collecting, aggregating, and storing the information collected.

Federal Financial Assistance – Grants - OSM will continue its involvement with Grants.gov, the government-wide electronic grant announcement and application system. All OSM grant programs are posted in the "Find" section of the system, which announces grant opportunities. OSM regulatory grants were the only Interior grant program available in the launch of the

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"Apply" section in FY 2004. OSM grantees and staff are providing feedback to HHS on our experiences and suggestions as applications are submitted and downloaded through the system.

OSM will be among the initial group of Interior bureaus to go on-line with the electronic grants function of FBMS, scheduled for implementation by March 2005. The new system will still allow paper applications, but expects most applications to be electronic, with 2 options for applying through the FBMS system itself or through an interface with Grants.gov. It will also allow grantees to report on grants electronically, and automate the entire grants process. The system's data sharing between grants, core accounting, budget, and management information is expected to provide significant improvements in the speed and ease of grants processing and reporting within OSM.

Acquisition - Currently, OSM is required to use the Interior Department Electronic Acquisition System (IDEAS). IDEAS interfaces with OSM's financial system, which electronically updates financial information at the time procurement information is captured for required reporting at the Departmental and Federal levels. As previously noted, OSM is expected to convert from our existing administrative systems to the new Departmental Finance and Business Management System. Acquisition will be included in the conversion to this new system.

OSM also plans to use the National Institutes of Health contractor performance system. This system will be a single entry point for OSM contracting officers to search prospective contractors' performance records. It will also serve industry vendors. This will facilitate contracting officers' responsibility determinations, and industry vendors will benefit by a faster, easier and less costly awards process.

### Freedom of Information Act (FOIA) - Electronic FOIA Tracking System (EFTS)

OSM contributes and participates in the Department-wide initiative to comply with the President's government-wide initiative in expanding electronic government by providing for the sharing of information between the various bureaus and offices within the Department of Interior. The FOIA tracking system, EFTS, provides a centralized internal automation system to process FOIA requests, appeals and litigation, thus reducing overall bureau and Departmental costs for this program while creating a single point of access for FOIA personnel to track FOIA/Privacy Act (PA) requests from receipt to completion. The EFTS, a web-based system, is the first centralized system to manage FOIA requests electronically Department-wide. The EFTS also provides valuable information to bureau and DOI FOIA Coordinators, identifies duplicative requests throughout the bureau and department, ensures consistency in responses, reduces the time in processing requests, and facilitates reporting and reviews. Use of this system also allows FOIA personnel to track billing costs and ensure Government expenditures for the program are accounted for and recouped consistent with the law. The EFTS's design allows for additional modules/enhancements that will be user friendly both to the Department FOIA personnel and the public, providing for further expansion of the Electronic FOIA and public accessibility. OSM will fund future modules for the EFTS, which will integrate public accessibility with the FOIA program through electronic means and further comply with the President's initiatives regarding E-GOV and E-FOIA. Ultimately, the customer is the beneficiary of this investment.

### Enterprise Service Network

The Enterprise Service Network is a DOI initiative designed to centralize Wide Area Networking Activities, Electronic Messaging, and Active Directory Services. The Department of Interior has a facility located in Reston that will serve as the central point for this effort.

The Wide Area Network Activities will include the reduction of “Points of Presence” or connections to the Internet and Contractor support for existing WAN services. In the long run, this will save DOI WAN costs when the activities of all Bureaus are consolidated.

A centralized Electronic Messaging for all of DOI is also expected to be implemented at the Reston Facility. This messaging effort will provide common message software for all of DOI, provide contractor help desk support, and reduce overall cost of operations.

Active Directory is also included in the Microsoft Enterprise License contract. By moving to the common software, savings will be achieved in out years through reduced personnel cost and reduced license costs.

Taken together, over the long-view of its investment, this DOI initiative is planned to increase network security, lower costs, and increase DOI-user productivity through increases in network availability, functionality, bandwidth, and around the clock technical support.

### IT Security (including Security C&A)

OSM’s Information Technology (IT) Security Plan ensures the safety of IT information and computer technology hardware and software resources. OSM monitors employee compliance with its information technology security training program. The annually mandated training program raises the level of IT security awareness among all employees, and enhances OSM’s ability to monitor and verify compliance with the DOI IT Security Plan. OSM also manages virus filtering and traffic monitoring systems. These systems significantly enhance efforts to manage security for both new and existing systems by ensuring timely installation of software patches and fixes and strengthen incident handling responses. OSM will continue to work with the Department’s Office of the Chief Information Officer (OCIO) to ensure that its networks and systems are secure.

OSM has several recent achievements in IT security. OSM has Certified and Accredited (C&A) its local area networks in Headquarters and its Denver Finance Office; its wide area network; and four major applications. In FY 2004, OSM completed C&A for three remaining General Support Systems located in the three regional enclaves.

Internal E-government initiatives include the following:

- Inspection and Enforcement Database - Electronic Filing of OSM Inspection Reports and Enforcement Actions.

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- Development of Mobile Computing Technology for permitting, inspection, and AML design.

OSM is also participating in various efforts with the Department to achieve efficiencies under E-government Quicksilver Projects. This includes participation in:

- E-Travel - government-wide web-based service to consolidate travel functions, provide improved services to government employees, and minimize costs.
- E-Authentication - secure, easy-to-use, consistent method of proving identity to the government minimizes the burden on businesses, the public, and government.
- E-Training - simplified process to learn about training opportunities with one-stop access to e-products and services.
- Business Gateway - assist businesses to find, understand, and comply with applicable laws and regulations by improving access to information, providing on-line tools, and accessible and easy-to-use forms. One specific way that OSM is working in this area is in its partnership with the Interstate Mining Compact Commission, the Mine Safety and Health Administration, the Internal Revenue Service, and Pennsylvania to determine the feasibility to establish an electronic single source coal reporting form. A study conducted by the partner agencies concluded it would be cost-effective to develop a consolidated single source coal reporting system. The Single Source Coal Reporting e-Form was test piloted as part of the Small Business Administration's Business Compliance One-Stop. From a volunteer group of 20 coal companies, 80 percent reported time savings. OSM will continue its work with the partner agencies and the Small Business Gateway initiative.
- Integrated Acquisition Environment - facilitate the cost-effective acquisition of goods and services, while eliminating inefficiencies in the current acquisition process.

### Asset Management

OSM is in the process of completing a fleet management plan, in coordination with the Department, to provide more effective and efficient use of owned and/or leased vehicles. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and vehicles that have surpassed their lifecycle, use of fleet performance measures, and energy-saving practices. These changes will continue in FY 2006.

In addition, OSM will be conducting a management review of its space. The review will include improving space management through co-location, consolidation improved space allocations efficient building support services, and other strategies. By strategically analyzing and planning space management needs and opportunities, OSM, working with the Department, will be able to consider workforce changes such as telecommuting, information technology solutions, and other factors in making future arrangements for facilities.

Performance Summary:

OSM strives to improve planning, eliminate duplicative processes, and involve stakeholders. OSM deals with both State and Federal agencies, is responsible for both Federal and private lands, reclaiming and protecting diverse sites, and enhancing technology transfer among many constituents. Although a small bureau, OSM is positioned to lead such efforts, particularly those related to implementing that part of a comprehensive energy strategy involving coal mining in an economically and environmentally viable manner.

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OSM serves as a policy leader and coordinator with its partners in carrying out the responsibilities of SMCRA. OSM is an innovator in promoting the effective administration of the Surface Mining Program and maximizing land and water restoration with available funds.

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OSM's budget proposal supports the Department in three mission goal areas: Resource Protection, Resource Use and Serving Communities. The budget proposal provides funding requirements and associated performance measurements in accordance with the plan. A funding table is provided which portrays the budget request consistent with these mission areas.

Additionally, this budget request describes its needs through strategic goals and associated performance measures through the traditional budget structure. OSM's Business Lines are:

- Environmental Restoration;
- Environmental Protection;
- Technology Development & Transfer;
- Financial Management; and
- Executive Direction and Administration.

This budget has integrated OSM's performance goals and measures in support of its Business lines and the Department's goals. Each of the following chapters, arranged by Business Line, contains the detailed relationship of OSM's funds, goals, and performance to the Department of the Interior mission goals. The following table is an overview of the Surface Mining goals and targeted measures for FY 2006.

Data Validation and Verification

OSM is confident that the data presented in this report are reliable for use as a decision-making tool and showing program performance over time. Data validation and verification is accomplished through a three prong approach using: 1) audits by external staff from the Office of the Inspector or the Administration's Program Assessment Rating Tool; 2) periodic reviews coordinated by OSM's Office of Planning, Analysis, and Budget; and 3) an annual self-assessment by program managers.

The annual self-assessment by program managers complies with the Department of the Interior's Data Validation and Verification Guidance. The assessment covers the major area of data validation and five areas within data verification. The five areas dealing with data verification

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are: standards and procedures; data entry and transfer; data security and integrity; data quality and limitations; and oversight and certification. This assessment will be valuable in testing for potential weaknesses or gaps, and will elevate data validation and verification systems to ensure an acceptable functional level.

OSM collects information through various information systems primarily from multiple internal operations and from the 24 States and 4 Indian Tribes participating in OSM programs. Abandoned Mine Land Program information is generally collected through the Abandoned Mine Land Inventory System (AMLIS). AMLIS is a computer database used by the State Reclamation Programs and maintained by OSM. In accordance with the requirements of SMCRA, AMLIS contains data for known Priority 1 and 2, pre-SMCRA coal reclamation problems. Data collection methods are conducted in accordance with an agency policy directive, which was developed in cooperation with the States.

Regulatory Program data collection methods are also conducted in accordance with an agency policy directive, which was developed in cooperation with the States. The data is collected from OSM field offices through an internet-based system.

Customer service information for the Technology Development and Transfer programs are based on customer survey forms approved by OMB and class training records.

OSM recognizes that data must serve their intended purposes and stand up to independent, objective external inspection, as well as to internal control reviews and audits. A recent Departmental Office of the Inspector General evaluation report on State operated coal regulatory programs recommended that both staff and management levels be involved with data accuracy and reliability. OSM will be addressing this recommendation in the near future. OSM is committed to demonstrating that data meets the guidelines established.

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**Office of Surface Mining Program Performance Measures**

| <b>Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources</b>  |                       |                     |                       |                                   |                             |                     |  |                                |
|--|-----------------------|---------------------|-----------------------|-----------------------------------|-----------------------------|---------------------|--|--------------------------------|
| <b>Measures:</b>   | <b>FY 2003 Actual</b> | <b>FY 2004 Plan</b> | <b>FY 2004 Actual</b> | <b>FY 2005 President's Budget</b> | <b>FY 2005 Revised Plan</b> | <b>FY 2006 Plan</b> | <b>Change in Performance 2005 Plan to 2006</b> | <b>Long-term Target (2008)</b> |
| Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) <u>1/ 3/ 4/ (SP) (PART)</u>  | 6,539                 | 6,900               | 6,965                 | 8,200                             | 6,900                       | 8,200               | 1,300 +19%                                     | 8,200                          |
| Number of stream-miles for which degradation from past surface coal mining has been improved <u>1/ 2/ 4/ (SP) (PPM)</u>  | UNK                   | 150                 | 33                    | 175                               | 35                          | 35                  | 0  | 35                             |
| Number of surface acres of water for which degradation from coal mining has been improved. <u>1/ 2/ 4/ (SP) (PPM)</u>  | UNK                   | 150                 | 36                    | 175                               | 35                          | 35                  | 0  | 35                             |
| Number of partnering and leveraging agreements. <u>1/ 2/ (PPM)</u>   | UNK                   | 56                  | 74                    | 56                                | 56                          | 56                  | 0  | 56                             |
| The amount of increased funds derived from active partnering and leveraging agreements. <u>1/ 2/ (PPM)</u>   | UNK                   | 70,000              | 8.179 million         | 70,000                            | 70,000                      | 70,000              | 0  | 70,000                         |
| Percent of AML grant funds obligated nationally by States and Tribes. <u>1/ 2/ (PPM)</u>   | UNK                   | 90%                 | 96%                   | 90%                               | 90%                         | 90%                 | 0  | 90%                            |
| <b>Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value</b>   |                       |                     |                       |                                   |                             |                     |  |                                |
| Percent of active sites that are free of off-site impacts. <u>1/ (SP) (PART)</u>   | 92.3%                 | 93%                 | 93%*                  | 93%                               | 93%                         | 93%                 | 0  | 93%                            |
| Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. <u>1/ 2/ (SP) (PART)</u>  | 48,528                | 70,000              | 49,054*               | 70,000                            | 70,000                      | 70,000              | 0  | 70,000                         |
| <b>Serving Communities End Outcome Goal 4.1: Protect lives, resources and property.</b>  |                       |                     |                       |                                   |                             |                     |  |                                |
| Number of people with reduced exposure potential to safety risks from abandoned mine lands. <u>1/ 2/ 5/ (SP) (PART)</u>  | UNK                   | 10,000              | 160,257               | 11,000                            | 11,000                      | 11,000              | 0  | 11,000                         |
| Percentage of declared emergencies abated within six months. <u>1/ 2/ (PPM)</u>  | UNK                   | 92%                 | 98%                   | 95%                               | 95%                         | 95%                 | 0  | 95%                            |
| Number of people directly affected (Emerg. abated). <u>1/ 2/ (PPM)</u>   | UNK                   | 8,250               | 11,400                | 8,250                             | 8,250                       | 8,250               | 0  | 8,250                          |
| <p><u>1/</u> OSM collects information through various information systems and from various States and Tribes participating in OSM programs. The information is considered reliable for indicating performance trends and being the basis for decision making. <u>2/</u> Baseline data was not available when determining projections. Projections to be revised to reflect actual data. <u>3/</u> For simplifying reporting, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres. <u>4/</u> Reduction in target for FY 2005 Revised Plan reflects funding request not enacted. <u>5/</u> Information calculated from projects reported completed in AMLIS matched with the number of people residing within one mile radius of project calculated from census tract data.</p> <p>* Estimated data: State regulatory authorities provided data for the time period July 1, 2003, to June 30, 2004, to accommodate the accelerated publishing requirements of the OSM Annual Report. Federal program data submitted for the federal fiscal year.</p> <p>SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM = Proposed PART Measure; BUR = Bureau Measure; UNK = data unavailable</p> |                       |                     |                       |                                   |                             |                     |  |                                |

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*Budget Highlights:*

OSM requests \$ 356,549,000 and 580 FTEs to achieve its FY 2006 annual performance goals. An additional \$57 million will be provided in permanent authority for supporting health benefits through the United Mine Workers of America to coal miners and their dependents as authorized by the Energy Policy Act of 1992 and SMCRA.

The FY 2006 discretionary request represents a \$59.976 million increase over the FY 2005 enacted level of \$296.573 million. OSM proposes a \$58 million increase in State reclamation grants to certified States and Tribes. The budget requests \$0.405 million for Federal Program activities. It provides a \$1.092 million increase for watershed cooperative agreements and \$1.0 million for Federal high priority projects, both of which were funded with carryover in FY 2005, which will be about exhausted by FY 2006. This budget proposal also seeks to enhance the technology transfer activities afforded the States and Indian Tribes. It seeks increases of \$0.5 million for the National Technical Training Program, \$1.0 million for the Technical Innovation and Professional Services Program, and \$1.0 million for applied sciences. Additionally, the proposal requests increases of \$0.079 million for enterprise IT investments.

The budget proposes certain reductions to help offset these increases. OSM will absorb a \$2.6 million reduction in information technology due to a one-time increase in FY 2005 of \$2.3 million for the redesign of the fee collection and billing system (FEEBACS), and \$0.3 for other IT efficiencies. OSM is not requesting funding for Small Operator Assistance program (SOAP) grants, which is a reduction of \$1.478 million. OSM also proposes a reduction of \$0.986 million to reduce the funding provided by Congress in the FY 2005 appropriation for a twenty-four month coal study. OSM also expects savings of \$95,000 in space management and \$ 20,000 in fleet management.

This request also provides \$2.08 million for uncontrollable cost increases.

Program/Project Support of Bureau, Department, and Government-wide Costs

Funding under the Executive Direction and Administration section of OSM's budget request is identified for Executive Direction, Administrative Support and General Services. The total funding for this business line in the FY 2006 request is \$22.8 million.

The Executive Direction activity provides executive direction and leadership, and policy and program management guidance for all areas of responsibility for OSM. It includes the Director's Office staff and all Staff Offices located in Washington, D. C. The Administration activity includes all the administrative functions necessary to support program activities. It includes four organization areas: Administration, Human Resources, Administrative Financial Management, and Information Technology. The General Services activity includes essential fixed costs to support OSM's program missions such as rent, telecommunications, the DOI working capital fund, and service contracts. OSM does not compute separate overhead charges, deductions, reserves or holdbacks to fund these activities; rather, they are identified as a business line within the budget presentation. Further information on specific elements of each activity can be found in the Executive Direction and Administration program justification.

Within the Executive Direction and Administration business line, OSM includes external administrative costs to include amounts paid to the Department to support Departmental or Government-wide costs. Itemized lists of the budget for activities included in the DOI Working Capital Fund that are centrally billed, fee for service and directly billed are included in the Budget Exhibits.

OSM also has support functions at the regional and field offices that ensure various activities are integrated so the mission is accomplished. The majority of these costs are comprised of the salary and benefits for field office directors, regional directors and their administrative staff. These costs are not identified under Executive Direction and Administration, rather they are included in the program funding requested. OSM provides allocations to its regions based on the overall program activities and does not identify separate funding for support functions. If the Subcommittee is interested in quantifying costs at a regional level, OSM can work with the Subcommittee to provide this information.

Activity Based Costing allows OSM to internally track indirect costs associated with various organizational units and program activities. This is important to determine the full cost of program activities for evaluation purposes. One way in which some indirect costs are associated with program activities is based on FTE consumption. This method is based on the assumption that labor hours correlate to the consumption of these costs using a ratio of FTE per each program activity to total OSM FTEs. Data using this method is made available to managers for program evaluation; however, OSM does not request funding at this level of detail.

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The following summary compares the FY 2006 request level to the FY 2005 enacted budget.

**2004 - 2006 Resource Comparison  
(Dollar Amounts in Thousands)**

|                              |            | FY 2004<br>Actual | FY 2005<br>Estimate | FY 2006<br>Request | Difference<br>from FY<br>2005<br>(+/-) |
|------------------------------|------------|-------------------|---------------------|--------------------|--|
| Regulation and<br>Technology | \$         | 105,187           | 108,368             | 110,535            | +2,167                                 |
|                              | <i>FTE</i> | 369               | 375                 | 375                | 0                                      |
| Abandoned Mine Recl.<br>Fund | \$         | 190,591           | 188,205             | 246,014            | +57,809                                |
|                              | <i>FTE</i> | 198               | 205                 | 205                | 0                                      |
| <b>TOTAL</b>                 | \$         | <b>295,778</b>    | <b>296,573</b>      | <b>356,549</b>     | <b>+59,976</b>                         |
|                              | <i>FTE</i> | 567               | 580                 | 580                | 0                                      |

Note: FY 2004 includes actual civil penalty collections (\$ 74,201) and FY 2005 and 2006 include estimated civil penalty collections (\$98,100 and \$100,000).

### **Description and Summary of Program Changes in FY 2006 Budget**

The total request for OSM's current appropriations is \$356,549,000 for FY 2006. Funding is requested from two appropriations as summarized below.

#### **Regulation and Technology**

This appropriation finances the regulatory functions of SMCRA as administered by the States and OSM. Federal activities related to the administration and monitoring of State regulatory programs and OSM's technical training, assistance, and transfer activities related to environmental protection are also financed by this appropriation. The request is \$ 110,535,000 (including an estimated \$100,000 in civil penalty collections); a net increase of \$2.167 million over the FY 2005 enacted budget. The budget proposes:

- An increase of \$0.325 million for the National Technical Training Program,
- An increase of \$0.650 million for applied science activities,
- An increase of \$0.650 million for the Technical Innovation and Professional Services Program,
- An increase of \$0.405 million for Federal Programs
- An increase of \$0.052 million for enterprise information technology investments,
- A decrease of \$0.986 million for the coal study,
- A decrease of \$0.062 million for space management savings,
- A decrease of \$0.013 million for fleet management savings,
- A decrease of \$0.199 million for general information technology efficiencies,
- Uncontrollable increases of \$1.345 million.

#### **Abandoned Mine Reclamation Fund**

This appropriation supports the reclamation program functions carried out by the States and OSM. The Fund is derived from a fee levied on coal production sales, use and transfers. The bulk of the appropriation finances grants to States to implement reclamation programs. The Fund also supports Federal activities related to the administration and monitoring of State programs, as well as OSM's technical training, assistance, and transfer activities related to environmental reclamation. The request is \$246,014,000, an increase of \$57.809 million over the FY 2005 enacted budget. The budget proposes:

- An increase of \$58 million for AML grants to certified States and Tribes,

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- An increase of \$1.092 million for watershed cooperative agreements,
- An increase of \$1.0 million for high priority projects,
- An increase of \$0.175 million for the National Technical Training Program,
- An increase of \$0.350 million for applied science activities,
- An increase of \$0.350 million for the Technical Innovation and Professional Services Program,
- An increase of \$0.027 million for enterprise information technology investments,
- A decrease of \$2.3 million to redesign the fee billing and collection system (FEEBACS) to support fee extension by properly accounting for fees collected,
- A decrease of \$1.478 million for the Small Operator Assistance Program,
- A decrease of \$0.007 million for fleet management savings,
- A decrease of \$0.033 million for space management savings,
- A decrease of \$0.102 million for a general information technology efficiencies,
- Uncontrollable cost increases of \$0.735 million.

**Proposed Appropriation Language Changes:**

**Regulation and Technology**

For necessary expenses to carry out the provisions of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not to exceed 10 passenger motor vehicles, for replacement only; [\$108,368,000] ^ Provided, That the Secretary of the Interior, pursuant to regulations, may use directly or through grants to States, moneys collected in fiscal year [2005] ^ for civil penalties assessed under section 518 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1268), to reclaim lands adversely affected by coal mining practices after August 3, 1977, to remain available until expended: Provided further, That appropriations for the Office of Surface Mining Reclamation and Enforcement may provide for the travel and per diem expenses of State and Tribal personnel attending Office of Surface Mining Reclamation and Enforcement sponsored training.

\$110,435,000

2006

**Abandoned Mine Reclamation Fund**

For necessary expenses to carry out the provisions of title IV of the Surface Mining Control and Reclamation Act of 1977, Public Law 95-87, as amended, including the purchase of not more than 10 passenger motor vehicles for replacement only, [\$188,205,000] to \$188,014,000 be derived from the receipts of the Abandoned Mine Reclamation Fund and to remain available until expended; of which up to \$10,000,000, to be derived from the Federal Expenses Share of the Fund, shall be for supplemental grants to States for the reclamation of abandoned sites with acid mine rock drainage from coal mines, and for associated activities through the Appalachian Clean Streams Initiative; Provided, [That grants to minimum program States will be \$1,500,000 per State in fiscal year [2005]: ^ Provided 2006 further,] That pursuant to Public Law 97-365, the Department of the Interior is authorized to use up to 20 percent from the recovery of the delinquent debt owed to the United States Government to pay for contracts to collect these debts: Provided further, That funds made available under title IV of Public Law 95-87 may be used for any required non-Federal share of the cost of projects funded by the Federal Government for the purpose of environmental restoration related to treatment or abatement of acid mine drainage from abandoned mines: Provided further, That such projects must be consistent with the purposes and priorities of the Surface Mining Control and Reclamation Act:

**Administrative Provisions**

With funds available for the Technical Innovation and Professional Services program in this Act, the Secretary may transfer title for computer hardware, software and other technical equipment to State and Tribal regulatory and reclamation programs.

**Justification of Language Changes**

| <b>Regulation &amp; Technology</b> | <b>FY 2005<br/>Estimate</b> | <b>FY 2006<br/>Proposed</b> | <b>Change</b> |
|------------------------------------|-----------------------------|-----------------------------|---------------|
| Environmental Restoration          | 257                         | 259                         | +2            |
| Environmental Protection           | 79,821                      | 79,566                      | -255          |
| Tech Dev Transfer                  | 13,300                      | 15,126                      | +1,826        |
| Financial Management               | 485                         | 488                         | +3            |
| Executive Direction                | 14,505                      | 15,096                      | +591          |
| Total Appropriation                | 108,368                     | 110,535                     | +2,167        |

*Regulation and Technology:*

No changes.

*Abandoned Mine Reclamation Fund:*

No changes to Abandoned Mine Reclamation Fund language. However, budget assumes authorization to include payment of State shares to the certified States and Tribes that would require separate appropriation language. Budget contains \$58 million to support these payments.

**Summary of FY 2005 Appropriations and FY 2006 Budget Changes  
By Appropriation and Business Line**

| <b>Abandoned Mine<br/>Reclamation Fund</b> | <b>FY 2005<br/>Estimate</b> | <b>FY 2006<br/>Proposed</b> | <b>Change</b>  |
|--|-----------------------------|-----------------------------|----------------|
| Environmental Restoration                  | 167,861                     | 228,112                     | +60,251        |
| Environmental Protection                   | 0                           | 0                           | 0              |
| Tech Dev Transfer                          | 4,479                       | 3,922                       | -557           |
| Financial Management                       | 8,444                       | 6,234                       | -2,210         |
| Executive Direction                        | 7,421                       | 7,746                       | +325           |
| <b>Total Appropriation</b>                 | <b>188,205</b>              | <b>246,014</b>              | <b>+57,809</b> |

**DEPARTMENT OF THE INTERIOR SUMMARY OF REQUIREMENTS (in thousands of dollars)**

| APPROPRIATION:                                      | REGULATION AND TECHNOLOGY |       |     |         | ABANDONED MINE RECLAMATION FUND |      |     |         |
|---|---------------------------|-------|-----|---------|---------------------------------|------|-----|---------|
|   | FTE                       | \$\$  | FTE | \$\$    | FTE                             | \$\$ | FTE | \$\$    |
| FY 2005 ESTIMATE                                    |                           |       | 375 | 108,368 |                                 |      | 205 | 188,205 |
| UNCONTROLLABLE & RELATED CHANGES:                   |                           |       |     |         |                                 |      |     |         |
| Adjustment for Pay Raise - Jan 05                   |                           | 254   |     |         |                                 | 140  |     |         |
| Adjustment for Pay Raise - Jan 06                   |                           | 520   |     |         |                                 | 290  |     |         |
| Adjustment for Worker's Compensation                |                           | -38   |     |         |                                 | -21  |     |         |
| Adjustment for Unemployment Compensation            |                           | 7     |     |         |                                 | 3    |     |         |
| Adjustment for GSA space rent rate                  |                           | 571   |     |         |                                 | 310  |     |         |
| Adjustment for Emplry Share of Fed Hlth Benft Plans |                           | 205   |     |         |                                 | 110  |     |         |
| Adjustment for One Less Pay Day                     |                           | -130  |     |         |                                 | -73  |     |         |
| Adjustment for Working Capital Fund                 |                           | -44   |     |         |                                 | -24  |     |         |
| TOTAL Adjustment for Uncontrollables                |                           | 1,345 |     | 1,345   |                                 | 735  |     | 735     |
| Program Changes                                     |                           |       |     | 822     |                                 |      |     | 57,074  |
| Total Requirements (2006 request)                   |                           |       | 375 | 110,535 |                                 |      | 205 | 246,014 |

| Comparison by Business Lines          | REGULATION AND TECHNOLOGY |               |                            |                |              | ABANDONED MINE RECLAMATION FUND |               |                            |                 |              | TOTAL         |              | Inc/ Dec (-/+) From 2005 |
|---------------------------------------|---------------------------|---------------|----------------------------|----------------|--------------|---------------------------------|---------------|----------------------------|-----------------|--------------|---------------|--------------|--------------------------|
|                                       | 2004 Actual               | 2005 Estimate | Uncontrl & Related Changes | Program Change | 2006 Request | 2004 Actual                     | 2005 Estimate | Uncontrl & Related Changes | Program Changes | 2006 Request | 2005 Estimate | 2006 Request |                          |
| <b>Environmental Restoration</b>      | 235                       | 257           | 3                          | -1             | 259          | 173,472                         | 167,861       | 214                        | 60,037          | 228,112      | 168,118       | 228,371      | 60,253                   |
|                                       | FTE 1                     | 1             | 0                          | 0              | 1            | 97                              | 97            | 0                          | 0               | 97           | 98            | 98           | 0                        |
| <b>Environmental Protection</b>       | 78,484                    | 79,821        | 439                        | -694           | 79,566       | 0                               | 0             | 0                          | 0               | 0            | 79,821        | 79,566       | -255                     |
|                                       | FTE 198                   | 193           | 0                          | 0              | 193          | 0                               | 0             | 0                          | 0               | 0            | 193           | 193          | 0                        |
| <b>Technology Dev. &amp; Transfer</b> | 12,592                    | 13,300        | 258                        | 1,568          | 15,126       | 4,133                           | 4,479         | 54                         | -611            | 3,922        | 17,779        | 19,048       | 1,269                    |
|                                       | FTE 104                   | 115           | 0                          | 0              | 115          | 17                              | 21            | 0                          | 0               | 21           | 136           | 136          | 0                        |
| <b>Financial Management</b>           | 485                       | 485           | 6                          | -3             | 488          | 6,183                           | 8,444         | 115                        | -2,325          | 6,234        | 8,929         | 6,722        | -2,207                   |
|                                       | FTE 3                     | 2             | 0                          | 0              | 2            | 50                              | 50            | 0                          | 0               | 50           | 52            | 52           | 0                        |
| <b>Executive Dir. &amp; Admin.</b>    | 13,391                    | 14,505        | 639                        | -48            | 15,096       | 6,803                           | 7,421         | 352                        | -27             | 7,746        | 21,926        | 22,842       | +916                     |
|                                       | FTE 63                    | 64            | 0                          | 0              | 64           | 34                              | 37            | 0                          | 0               | 37           | 101           | 101          | 0                        |
| <b>TOTAL</b>                          | 105,187                   | 108,368       | 1,345                      | 822            | 110,535      | 190,591                         | 188,205       | 735                        | 57,074          | 246,014      | 296,573       | 356,549      | 59,976                   |
|                                       | FTE 369                   | 375           | 0                          | 0              | 375          | 198                             | 205           | 0                          | 0               | 205          | 580           | 580          | 0                        |

**DEPARTMENT OF THE INTERIOR**  
**Office of Surface Mining Reclamation and Enforcement**  
**Uncontrollable Cost Changes**  
**(in thousands of dollars)**

**Appropriation: Regulation and Technology**

Additional Operational Costs from 2005 and 2006 of January Pay Raises

|                       | <u>2005</u><br><u>Budget</u><br><u>Change</u> | <u>2005</u><br><u>Revised</u><br><u>Change</u> | <u>2006</u><br><u>Change</u>             |
|-----------------------|---|--|--|
| 2005 Pay Raises ..... | \$502   | \$502  | +254                                     |
| 2006 Pay Raises ..... |   |  | <u>2006</u><br><u>Change</u><br>\$0/+520 |

These adjustments are for an additional amount needed in 2006 to fund the remaining 3-month portion of the estimated 3.5 percent pay increases effective in January 2005 and the additional costs of funding for an estimated 2.3 percent of the January 2006 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

|                                     | <u>2005</u><br><u>Budget</u> | <u>2005</u><br><u>Revised</u> | <u>2006</u><br><u>Change</u> |
|-------------------------------------|------------------------------|-------------------------------|------------------------------|
| Workers Compensation Payments ..... | \$ 224                       | \$224                         | -\$38                        |

The adjustment is actual changes through June 2004, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2004 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.

*Office of Surface Mining Reclamation and Enforcement*

|   | <u>2005</u><br><u>Budget</u> | <u>2005</u><br><u>Revised</u> | <u>2006</u><br><u>Change</u> |
|---|------------------------------|-------------------------------|------------------------------|
| Unemployment Compensation payments..... | \$17                         | \$17                          | +\$7                         |

This adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499. The amount absorbed in 2005 is due to changes between the estimate of payments for unemployment compensation between the time the 2005 budget was formulated and the July 2004 estimates. The 2006 uncontrollable changes include a catch-up adjustment for the unbudgeted 2005 costs.

|                             | <u>2005</u><br><u>Budget</u> | <u>2005</u><br><u>Revised</u> | <u>2006</u><br><u>Change</u> |
|-----------------------------|------------------------------|-------------------------------|------------------------------|
| Rental Payments to GSA..... | \$4,470                      | \$4,470                       | +\$571                       |

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

|  | <u>2005</u><br><u>Budget</u> | <u>2005</u><br><u>Revised</u> | <u>2006</u><br><u>Change</u> |
|--|------------------------------|-------------------------------|------------------------------|
| Departmental Working Capital Fund Changes..... | \$1,470                      | \$1,453                       | -\$44                        |

The change reflects expected changes in the charges for Department services and other services through the centralized billing portion of the working capital fund. These charges are displayed in the Budget Justification for Department Management. In addition to the 2006 uncontrollable change, the 2006 budget includes requested program changes (e.g., ESN). The change between 2005 Budget and 2005 revised is attributable to bureau requested changes in billing methodologies, 2005 requested program increases for e-government payments that will be collected and paid centrally through the WCF, and changes that were approved by the Working Capital Fund Consortium. These changes are reflected in the Departmental Management Justification.

*Office of Surface Mining Reclamation and Enforcement*

|  | 2005<br>Budget<br><u>Change</u> | 2005<br>Revised<br><u>Change</u> | 2006<br><u>Change</u> |
|--|---------------------------------|----------------------------------|-----------------------|
| Employer Share of Federal Health Benefit Plans ..... | \$368                           | \$0                              | +\$205                |

The adjustment is for changes in the Federal Government’s share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11 percent, the average increase for the past few years.

|                       | 2005<br>Budget<br><u>Change</u> | 2005<br>Revised<br><u>Change</u> | 2006<br><u>Change</u> |
|-----------------------|---------------------------------|----------------------------------|-----------------------|
| One Less Pay Day..... |                                 |                                  | -\$130                |

This adjustment reflects the decreased costs resulting from the fact that there is one less payday in FY 2006 than in FY 2005.

**DEPARTMENT OF THE INTERIOR**  
**Office of Surface Mining Reclamation and Enforcement**  
**Uncontrollable Cost Changes**  
*(in thousands of dollars)*

**Appropriation: Abandoned Mine Reclamation Fund**

Additional Operational Costs from 2005 and 2006 of January Pay Raises

|                       | 2005<br>Budget<br><u>Change</u> | 2005<br>Revised<br><u>Change</u> | 2006<br><u>Change</u>  |
|-----------------------|---------------------------------|----------------------------------|------------------------|
| 2005 Pay Raises ..... | \$163                           | \$163                            | \$+140                 |
|                       |                                 |                                  | <u>2006<br/>Change</u> |
| 2006 Pay Raises ..... |                                 |                                  | \$0/+\$290             |

These adjustments are for an additional amount needed in 2006 to fund the remaining 3-month portion of the estimated 3.5 percent pay increases effective in January 2005 and the additional costs of funding for an estimated 2.3 percent of the January 2006 pay increase for GS-series employees and the associated pay rate changes made in other pay series.

|                                     | 2005<br><u>Budget</u> | 2005<br><u>Revised</u> | 2006<br><u>Change</u> |
|-------------------------------------|-----------------------|------------------------|-----------------------|
| Workers Compensation Payments ..... | \$ 120                | \$120                  | -\$21                 |

The adjustment is actual changes through June 2004, in the costs of compensating injured employees and dependents of employees who suffered accidental deaths while on duty. Costs for 2004 will reimburse the Department of Labor, Federal Employees Compensation Fund, pursuant to 5 U.S.C. 8147(b) as amended by Public Law 94-273.

*Office of Surface Mining Reclamation and Enforcement*

|   | <u>2005<br/>Budget<br/>Change</u> | <u>2005<br/>Revised<br/>Change</u> | <u>2006<br/>Change</u> |
|---|-----------------------------------|------------------------------------|------------------------|
| Unemployment Compensation Payments..... | \$9                               | \$9                                | +\$3                   |

This adjustment is for estimated changes in the costs of unemployment compensation claims to be paid to the Department of Labor, Federal Employees Compensation Account, in the Unemployment Trust Fund, pursuant to Public Law 96-499. The amount absorbed in 2005 is due to changes between the estimate of payments for unemployment compensation between the time the 2005 budget was formulated and the July 2004 estimates. The 2006 uncontrollable changes include a catch-up adjustment for the unbudgeted 2005 costs.

|                             | <u>2005<br/>Budget<br/>Change</u> | <u>2005<br/>Revised<br/>Change</u> | <u>2006<br/>Change</u> |
|-----------------------------|-----------------------------------|------------------------------------|------------------------|
| Rental Payments to GSA..... | \$2,129                           | \$2,129                            | +\$310                 |

The adjustment is for changes in the costs payable to General Services Administration and others resulting from changes in rates for office and non-office space as estimated by GSA, as well as the rental costs of other currently occupied space. Costs of mandatory office relocations, i.e., relocations in cases where due to external events there is no alternative but to vacate the currently occupied space, are also included.

|  | <u>2005<br/>Budget<br/>Change</u> | <u>2005<br/>Revised<br/>Change</u> | <u>2006<br/>Change</u> |
|--|-----------------------------------|------------------------------------|------------------------|
| Departmental working capital fund changes..... | \$792                             | \$783                              | -\$24                  |

The change reflects expected changes in the charges for Department services and other services through the centralized billing portion of the working capital fund. These charges are displayed in the Budget Justification for Department Management. In addition to the 2006 uncontrollable change, the 2006 budget includes requested program changes (e.g., ESN). The change between 2005 Budget and 2005 revised is attributable to bureau requested changes in billing methodologies, 2005 requested program increases for e-government payments that will be collected and paid centrally through the WCF, and changes that were approved by the Working Capital Fund Consortium. These changes are reflected in the Departmental Management Justification.

*Office of Surface Mining Reclamation and Enforcement*

|  | 2005<br>Budget<br><u>Change</u> | 2005<br>Revised<br><u>Change</u> | 2006<br><u>Change</u> |
|--|---------------------------------|----------------------------------|-----------------------|
| Employer Share of Federal Health Benefit Plans ..... | \$197                           | \$0                              | +\$110                |

The adjustment is for changes in the Federal Government’s share of the cost of health insurance coverage for Federal employees. The increase is estimated at 11 percent, the average increase for the past few years.

|                        | 2005<br>Budget<br><u>Change</u> | 2005<br>Revised<br><u>Change</u> | 2006<br><u>Change</u> |
|------------------------|---------------------------------|----------------------------------|-----------------------|
| One Less Pay Day ..... |                                 |                                  | -\$73                 |

This adjustment reflects the decreased costs resulting from the fact that there is one less payday in FY 2006 than in FY 2005.

*Office of Surface Mining Reclamation and Enforcement*

*Budget Crosswalk*

OSM's Budget resources are distributed by business line across the DOI Strategic Plan goal areas. The new goal structure is organized around four Department-wide mission goals -- *Resource Protection, Resource Use, Recreation, and Serving Communities* -- and 12 underlying outcomes or results to be achieved. OSM's funding relates to three of those four goals as identified in the summary chart below.

Budget Request by DOI Mission Component  
(Dollars in Thousands)

|                     | FY 2005<br>Estimate | FY 2006<br>Request | Change  |
|---------------------|---------------------|--------------------|---------|
| Resource Protection | 63,007              | 82,246             | +19,239 |
| Resource Use        | 110,426             | 111,143            | +717    |
| Recreation          | 0                   |                    |         |
| Serving Communities | 123,140             | 163,160            | +40,020 |
| Total               | 296,573             | 356,549            | +59,976 |

OSM's 2006 funding request will provide resources for the improvement of lands and waters degraded by past mining; promote responsible mineral extraction practices; and safeguard communities from adverse impacts from past and current mining. The table on the following page illustrates how OSM's 2006 budget request supports the Department's Strategic Plan.

Office of Surface Mining Reclamation and Enforcement

FISCAL YEAR 2006

Bureau: Office of Surface Mining Reclamation and Enforcement

Budget Allocation Table By Strategic Plan Goal Areas

(dollars in thousands)

| DOI Mission Goal Areas:                | Resource Protection   |                                |   | Resource Use  |   | Recreation                  |                              |  | Serving Communities        |   |                                | Remaining Funds                                    | Total |                |
|--|---|--------------------------------|---|---|---|-----------------------------|------------------------------|--|----------------------------|---|--------------------------------|--|-------|----------------|
| Account Activity                       | Improve health of watersheds, landscapes and marine resources | Sustain biological communities | Protect cultural and heritage resources | Manage or influence resource use to enhance public benefit, promote responsible use, and ensure optimal value | Deliver water and power in an environmentally responsible and cost efficient manner | Ensure access to recreation | Ensure quality of recreation | Receive and provide fair value in recreation | Protect lives and property | Advance knowledge through scientific leadership | Fulfill trust responsibilities | Advance quality communities for Tribes and Islands |       |                |
| <b>Regulation and Technology</b>       |   |                                |   |   |   |                             |                              |  |                            |   |                                |  |       |                |
| Environmental Restoration              | 259   |                                |   |   |   |                             |                              |  |                            |   |                                |  |       | 259            |
| Environmental Protection               |   |                                |   | 79,566  |   |                             |                              |  |                            |   |                                |  |       | 79,566         |
| Technology Development & Transfer      |   |                                |   | 15,126  |   |                             |                              |  |                            |   |                                |  |       | 15,126         |
| Financial Management                   |   |                                |   | 488   |   |                             |                              |  |                            |   |                                |  |       | 488            |
| Executive Direction & Administration   | 46  |                                |   | 15,050  |   |                             |                              |  |                            |   |                                |  |       | 15,096         |
| <b>Subtotal, R&amp;T</b>               | <b>305</b>  |                                |   | <b>110,230</b>  |   |                             |                              |  |                            |   |                                |  |       | <b>110,535</b> |
| <b>Abandoned Mine Reclamation Fund</b> |   |                                |   |   |   |                             |                              |  |                            |   |                                |  |       |                |
| Environmental Restoration              | 69,600  |                                |   |   |   |                             |                              |  | 158,512                    |   |                                |  |       | 228,112        |
| Technology Development & Transfer      | 3,883   |                                |   | 139   |   |                             |                              |  |                            |   |                                |  |       | 4,022          |
| Financial Management                   | 6,134   |                                |   |   |   |                             |                              |  |                            |   |                                |  |       | 6,134          |
| Executive Direction & Administration   | 2,324   |                                |   | 774   |   |                             |                              |  | 4,648                      |   |                                |  |       | 7,746          |
| <b>Subtotal, AML</b>                   | <b>81,941</b>   |                                |   | <b>913</b>  |   |                             |                              |  | <b>163,160</b>             |   |                                |  |       | <b>246,014</b> |
| <b>OSM TOTAL</b>                       | <b>82,246</b>   |                                |   | <b>111,143</b>  |   |                             |                              |  | <b>163,160</b>             |   |                                |  |       | <b>356,549</b> |

**ENVIRONMENTAL RESTORATION**

(dollars in thousands)

|                             |        | 2004<br>Actual | 2005<br>Estimate | Uncontroll.<br>& Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2006<br>Budget<br>Request | Change<br>from 2005<br>(+/-) |
|-----------------------------|--------|----------------|------------------|--|-----------------------------|---------------------------|------------------------------|
| Regulation &<br>Technology* | \$\$\$ | 235            | 257              | 3  | -1                          | 259                       | +2                           |
|                             | FTE    | 1              | 1                | 0  | 0                           | 1                         | 0                            |
| Abandoned<br>Mine Land      | \$\$\$ | 173,472        | 167,861          | 214  | 60,037                      | 228,112                   | +60,251                      |
|                             | FTE    | 97             | 97               | 0  | 0                           | 97                        | 0                            |
| TOTAL                       | \$\$\$ | 173,707        | 168,118          | 217  | 60,036                      | 228,371                   | +60,253                      |
|                             | FTE    | 98             | 98               | 0  | 0                           | 98                        | 0                            |

\*FY 2004 includes actual civil penalty collections (\$74,201) and FY 2005 and 2006 include estimated civil penalty collections (\$98,611 and \$100,000, respectively).

**MISSION GOAL: TO PROVIDE A CLEANER AND SAFER ENVIRONMENT  
FOR THE AMERICAN PEOPLE BY RECLAIMING AND RESTORING  
LAND AND WATER DEGRADED BY PAST MINING**

The Environmental Restoration business line funds the abandoned mine land program (AML). The program addresses threats to public health, safety, and general welfare through the reclamation of environmental hazards caused by past mining practices. Through this business line OSM provides funds to States and Tribes for administering their approved AML programs. OSM also evaluates State and Tribal AML programs, abates emergency and high-priority coal mining-related hazards through the Federal Reclamation program (where OSM has reclamation responsibility), and fosters partnerships for the Clean Streams Program aimed at addressing acid mine drainage/water pollution problems.

The total magnitude of the abandoned mine problem is difficult to assess, but OSM has developed a national inventory that contains information on over 17,700 problem areas associated with abandoned mine lands, mostly coal. A problem area is a geographical area, such as a watershed, that contains one or more problems. The more serious problem areas are classified as priority 1 (extreme danger to public health and safety), priority 2 (adverse affects to public health, safety, and general welfare), or priority 3 (environmental hazards). Since 1977, over 190,000 equivalent acres of priority 1 and 2 health and safety, and environmental-related coal problems have been reclaimed.

OSM's Environmental Restoration business line supports accomplishment of the Department of the Interior's Resource Protection and Serving Communities mission goal

*Office of Surface Mining Reclamation and Enforcement*

components in the strategic plan. As stewards of our nation's natural and cultural resources, the Department is entrusted with safeguarding these treasures for future generations. Environmental problems associated with abandoned mine sites, such as, water pollution, open portals and pits, land stripped of natural vegetation, and refuse piles degrade our natural resources. Through the reclamation of these problems, our land and water resources are improved for beneficial uses, such as, agriculture, wildlife habitat or development.

Mine site cleanups not only improve our environment, but also safeguard people and property. In addition, these communities are revitalized through the creation of jobs associated with reclamation projects.

OSM's authority to collect the abandoned mine reclamation fee expired on September 30, 2004, but was renewed by FY 2005 appropriation language through June 30, 2005. Prior to program reauthorization during formulation of the FY 2004 budget, the Administration began using the Program Assessment Rating Tool (PART) to identify strengths and weaknesses of programs and to make informed budget, management, and policy decisions.

The PART review of the Abandoned Mine Lands Grants Program for FY 2004 identified three recommendations for the program. The recommendations and OSM's progress to date are noted below:

- Propose legislative changes to the program's authorization to increase the rate of pre-1977 abandoned coal mine land reclamation;

OSM worked diligently with the Department of the Interior and Office of Management and Budget officials in drafting legislative changes to the AML program. Legislation had been presented in both the House (H.R. 3778) and Senate (S.2049 & S.2086). In part, the legislative changes seek to extend the authorization of fee collection authority while balancing the interests of all coal states and focusing on the need to accelerate the cleanup of dangerous abandoned coal mines by directing funds to the highest priority areas so that reclamation can occur at a faster rate, thereby removing the risks to those who live, work and recreate in the coalfields as soon as possible.

- Extend the coal fee, which expires on September 30, 2004, to fund the remaining work;

This provision was part of the above mentioned legislative proposal to amend SMCRA. In addition, Congress extended the fee until June 30, 2005, in its FY 2005 appropriation language.

- Develop long-term measures that are more outcome oriented and develop at least one efficiency measure.

OSM, States and Tribes developed more meaningful performance measures and collected data from States and Tribes for those measures in FY 2004. The measures are:

- Number of stream-miles for which degradation from past surface coal mining has been improved.
- Number of surface acres of water for which degradation from coal mining has been improved.
- Number of active partnering and leveraging agreements.
- The amount of increased funds derived from active partnering and leveraging agreements.
- Number of people with reduced exposure potential to safety risks from abandoned mine lands.
- Percentage of declared emergencies abated within six months.
- Number of people directly affected (emergency abatements).
- Percent of AML grant funds obligated nationally by States and Tribes.

Baseline data has not yet been established so the current targets for the above measures are considered preliminary.

**Operational Processes  
(Program Activities):**

Approximately 90 percent of OSM's total funding request for this business line is for State and Tribal Funding, which provides AML State and Tribal reclamation grant funding, including watershed cooperative agreements, as well as funding for State and Tribal operated emergency projects.

**ENVIRONMENTAL RESTORATION  
ENCOMPASSES**

*State and Tribal AML Reclamation Operations*

- *Reclamation Grants*
- *Clean Streams Program*
- *Watershed Cooperative Agreements*

*Federal and State Reclamation*

- *Emergency Programs*
- *High Priority Projects*
- *Outcrop and Underground Fire Control*
- *Civil Penalty Reclamation*
- *Bond Forfeiture Reclamation*

*Program Development and Maintenance*

*State Program Evaluation*

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

Evaluation and Oversight of the State and Tribal AML reclamation operations is coordinated by OSM through the State Program Evaluation program activity. This business line also funds the Program Development and Maintenance program activity, which provides policy direction and ensures State/Tribal programs are amended as needed.

The Environmental Restoration program activities improve natural resources and reduce the risk to public health, safety, and general welfare by correcting problems caused by past mining. OSM has identified success indicators to show incremental accomplishments for the mission goal. These goals and measures are identified at the end of this business line section.

**Actions Required to Achieve Annual Goals:** In FY 2005 and 2006 OSM will continue to encourage partnership participation by working with States and Tribes through their reclamation agencies, and through private and grass-roots associations. In addition, OSM will increase efforts to leverage funding from other government and non-government organizations to address abandoned mine sites. This emphasis on partnership and leveraging of resources supports Secretary Norton's 4C's philosophy – Communication, Consultation and Cooperation in the service of Conservation.

**Resources, Skills, and Technology Needed:** OSM and the AML program States and Tribes will continue to need a diverse and multi disciplinary cadre of individuals with 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 2006 President's Budget requests \$205.5 million for State and Tribal funding for AML reclamation and emergency programs; \$8.875 million for Federally Managed State emergencies; \$2.5 million for State Program Evaluation; \$8.1 million for Federal Reclamation Program of which \$5.7 million is for operations, \$1.0 million is for high priority projects, \$1.092 million is for Watershed Cooperative Agreement Projects, and \$0.4 million is for Federal Program Emergencies; and \$3.1 million for Program Development and Maintenance.

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

Office of Surface Mining Reclamation and Enforcement

**Table 1– Justification of Program and Performance, Environmental Restoration**  
 Summary Increases/Decreases for FY 2006  
 (Dollars in Thousands)

| Program Activity            |   | Regulation & Technology |      |      | Abandoned Mine Lands |                |                | Total        |         |         | Inc/Dec |         |
|-----------------------------|---|-------------------------|------|------|----------------------|----------------|----------------|--------------|---------|---------|---------|---------|
|                             |   | 2004                    | 2005 | 2006 | 2004                 | 2005           | 2006           | 2004         | 2005    | 2006    |         |         |
| State and Tribal Funding    | <i>Non-Certified States</i>                 | \$\$\$                  | 0    | 0    | 0                    | 158,601        | 147,523        | 147,523      | 158,601 | 147,523 | 147,523 | 0       |
|                             | <i>Certified States</i>                     | \$\$\$                  |      |      |                      | Included Above | Included Above | 58,000*      |         |         | 58,000  | +58,000 |
|                             | <i>Federally Managed State Emergencies</i>  | \$\$\$                  | 0    | 0    | 0                    | 0              | 8,875          | 8,875        | 0       | 8,875   | 8,875   | 0       |
|                             |   | FTE                     | 0    | 0    | 0                    | 0              | 0              | 0            | 0       | 0       | 0       | 0       |
| State Program Evaluation    |   | \$\$\$                  | 0    | 0    | 0                    | 2,516          | 2,509          | 2,545        | 2,516   | 2,509   | 2,545   | +36     |
|                             |   | FTE                     | 0    | 0    | 0                    | 23             | 23             | 23           | 23      | 23      | 23      | 0       |
| Federal Reclamation Program | Projects:<br><i>Emergency High-Priority</i> |                         | 74** | 98** | 100**                | 3,802          | 404            | 2,496        | 3,876   | 502     | 2,596   | +2,094  |
|                             |   | \$\$\$                  |      |      |                      | 0<br>3,802     | 404<br>379     | 404<br>2,092 |         |         |         |         |
|                             | Operations                                  | \$\$\$                  | 161  | 159  | 159                  | 5,474          | 5,473          | 5,556        | 5,635   | 5,632   | 5,715   | +83     |
|                             |   | FTE                     | 1    | 1    | 1                    | 49             | 49             | 49           | 50      | 50      | 50      | 0       |
| Program Dev/Maintenance     |   | \$\$\$                  | 0    | 0    | 0                    | 3,080          | 3,077          | 3,117        | 3,080   | 3,077   | 3,117   | +40     |
|                             |   | FTE                     | 0    | 0    | 0                    | 25             | 25             | 25           | 25      | 25      | 25      | 0       |
| TOTAL                       |   | \$\$\$                  | 235  | 257  | 259                  | 173,473        | 167,861        | 228,112      | 173,707 | 168,118 | 228,371 | +60,253 |
|                             |   | FTE                     | 1    | 1    | 1                    | 97             | 97             | 97           | 98      | 98      | 98      | 0       |

\*\$58 million is for certified States and Tribes. In FY 2005, certified States and Tribes received approximately \$37 million from the State and Tribal funding of \$147,523,000.

\*\*FY 2004 includes actual civil penalty collections (\$74,201) and FY 2005 and 2006 include estimated civil penalty collections (\$98,611 and \$100,000, respectively).

NOTE: Federal FTE figures for the Federally Managed State Emergencies are reflected under the Federal Reclamation Program.

## **ONGOING PROGRAM**

### **1. State and Tribal Funding**

The grant funding provided to States and Tribes support the DOI Resource Protection and Serving Communities mission goal areas. The reclamation project work undertaken with these funds restores land to beneficial uses, improves the quality of life for coal field citizens, and promotes job creation in these economic depressed areas.

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, approximately \$3 billion of priority 1 and 2 problems that threaten public health and safety and \$3.6 billion of priority 2 general welfare problems remain unreclaimed, and over \$1.8 billion of unreclaimed priority 3 problems have been identified by States and Tribes.

The AML Fund receives revenues through the collection of coal production fees (the lesser of 35 cents/ton of surface mined coal; 15 cents/ton of coal mined underground; and 10 cents/ton of lignite; or ten percent of the value of the coal at the mine), which are paid by operators of active mines. Payment of required fees is ensured by the fee compliance activities of the Financial Management business line. OSM's authority to collect the abandoned mine reclamation fee expires on June 30, 2005.

SMCRA establishes that 50 percent of the fees collected be allocated to the State/Tribe from which they were collected for use in the State/Tribal reclamation program on eligible coal and non-coal abandoned sites. If a State/Tribe has certified that all coal-related problems have been addressed, its 50 percent 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);
- (2) The Federal Expenses Share; and
- (3) The Historical Share.

Share One: RAMP Share, administered by the U.S. Department of Agriculture (USDA), is 10 percent of the fees collected plus 20 percent of the interest earned on the investment of the unspent portion of the AML Fund. To date, appropriations for RAMP have been \$196 million. No funds have been requested for RAMP in FY's 1996 - 2004, and none are included in the Administration's FY 2005 budget.

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Share Two: The Federal Expenses Share is 20 percent of the fees collected plus 40 percent of the interest earned on the investment of the unspent portion of the AML Fund.

This Share is used to fund:

- (a) Emergency and High-priority coal projects under the Federal Reclamation Program in States and Tribes without approved AML programs;
- (b) The supplemental amount to minimum program States;
- (c) The approved State Emergency Programs;
- (d) The Small Operator Assistance Program (SOAP); and
- (e) Federal expenses to collect the AML fee and administer the AML program. The Clean Streams Program is funded from this share.

Share Three: The Historical Coal Share is 20 percent of the fees collected plus 40 percent 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, has been primarily devoted to making transfers to the United Mine Workers of America Combined Benefit Fund. The Combined Benefit Fund is used to defray costs for the health care benefits of eligible former coal mining employees and their beneficiaries. OSM makes an annual mandatory transfer payment of interest earned on the AML Fund to the Trustees of the Combined Benefit Fund, within the requirements of the Energy Policy Act of 1992 and SMCRA.

The above approach to fee collection and distribution will remain in place during FY 2005. OSM's authority to collect the abandoned mine reclamation fee was set to expire on September 30, 2004, but was renewed by the FY 2005 appropriation language and now expires on June 30, 2005.

*a. Reclamation Program Grants*

OSM provides grants to States and Tribes that have approved reclamation programs. States and Tribes use the grants to address hazards and problems such as underground fires, subsidence, landslides, open shafts, unstable or burning refuse piles, acid mine

drainage, and dangerous, unstable highwalls. Reclamation grants to States and Tribes comprise the majority of this program activity's resources.

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-two States and three Tribes will receive reclamation grant funding in FY 2005. In addition, Missouri may receive funding in FY 2005 and 2006. Missouri did not receive an AML grant in 2003 - 2004 due to the failure of the Missouri legislature to fully fund the (Title V) Regulatory Program. OSM is uncertain whether Missouri will reinstate a State (Title V) Regulatory Program in time to be eligible to receive 2005 and 2006 AML Grants.

Each year, the States and Tribes select reclamation projects from their inventories of eligible Problem Areas. AML grants normally have a three-year life cycle to allow for project planning and design, contract development and award, actual construction activities, and contract close-out. The AML grants also fund 100 percent of States' and Tribes' administrative costs related to reclamation program management.

OSM does not require advance approval of each AML project before it awards a grant. After OSM approves a grant, but before construction begins, OSM provides an authorization for a specific project to proceed. After OSM approves a grant, it establishes a letter of credit at a local bank 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.

In the 1990 amendments to SMCRA, an authorized allocation level of at least \$2 million was established for States/Tribes having an approved reclamation plan and eligible Priority 1 and 2 coal sites. For FY 2006, the minimum funding level request is \$1.5 million, which is consistent with the authorized amount provided for in past years.

*b. Clean Streams Program*

In FY 2006, OSM proposes to maintain funding for the Clean Streams Program by making available \$6.9 million to fund State Reclamation Grants, \$1.092 million for Watershed Cooperative Agreements, \$0.2 million for the Acid Drainage Technology Initiative (ADTI) and \$0.15 for program management, maintenance and assistance. Further discussion of ADTI is under the Technology Development and Transfer business line. The requested level would enable OSM to support State Abandoned Mine Reclamation agencies to identify, evaluate, plan, and construct projects to treat acid mine drainage (AMD) in the Appalachian coal region.

OSM's emphasis on Clean Streams Program projects as a national priority, combined with increasing watershed stewardship at the community level, and more sophisticated

and cost-effective treatment technology, has promoted a general increase in State project activity related to, or incorporating, AMD treatment. With additional opportunities to field-test and observe passive AMD treatment systems, the efficacy, sophistication, and cost effectiveness of treatment technology has increased considerably in just a few years.

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

Through FY 2004, over \$28 million in matching grant funds have been committed by participating States to 117 projects. States identified the projects and secured additional sources of funding, wherever possible. In addition to partnering sources contributing funding and services, many in-kind services without a specific determined monetary value have been provided by partnering entities.

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

Following are examples of Clean Streams projects:

- **Tide Mine Pool In-situ Treatment Project** located in Indiana County, Pennsylvania, is a new innovative technology to treat acid mine drainage in the mine before the water discharges to the surface. This project is being accomplished in a pass through agreement from the Pennsylvania Department of Environmental Protection (DEP) to the Blacklick Creek Watershed Association (BCWA). The project will transform the underground mine complex into an oxygen poor environment in which natural biological processes can neutralize the acid and metals dissolved in the water before it is discharged to the surface. The goal is to improve the water quality in the mine sufficiently to allow effective surface treatment for the remaining contaminants, assisting BCWA's efforts to restore Yellow Creek to a trout fishery habitat. At the end of this time, BCWA, in conjunction with the Pennsylvania DEP, will maintain the in-situ treatment system/environment. Total project cost is estimated to be \$387,128 and it will be a turn-key operation undertaken over a period of six months. At the end of this

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time period, BCWA in conjunction with and having assistance from PA DEP will maintain the in-situ treatment system/environment.

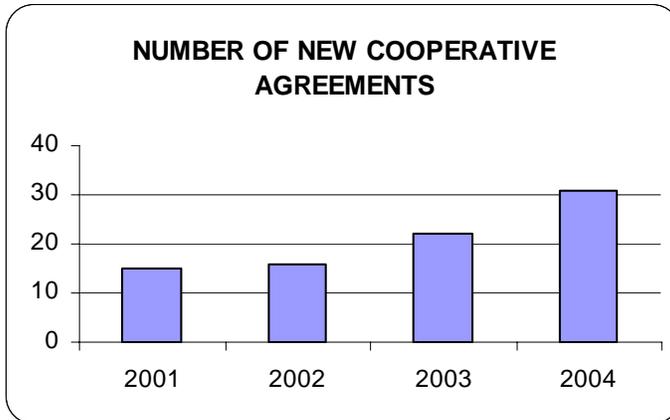
- **The Le Bosquet Clean Streams** is a completed project located in LeFlora County, Oklahoma. The project amount was \$77,448 to improve 1.5 miles of stream with no partner contributions. Passive treatment technology was utilized in neutralizing a high iron artesian flow from a LeBosquet deep mine.
- **Dean's Ferry AMD Project** is located in Alabama. Surface water flowing over and percolating through gob material at the site has been polluting a small, unnamed tributary of the Black Warrior River. Tests of that runoff made in 2002 yielded high acidity and hazardous concentration of iron and aluminum.

The gob pile was excavated, loaded and transported approximately one mile to the highwall site. An impervious plastic liner was placed in the highwall, the gob material was placed on the liner and was used to partially backfill the highwall. Onsite spoil material was then used to cover the gob and complete the backfill operation. The State will monitor the site of the excavated gob pile for any residual acidic drainage and install necessary treatment for any remaining water quality problems. Water monitoring of the highwall site will also be conducted to document the success of the project. The project amount was \$352,053, and it was completed on September 15, 2004.

The Watershed Cooperative Agreement Program was implemented by OSM in FY 1999 as part of the Clean Streams Program. The purpose of the Watershed Cooperative Agreement Program is to make funds available directly to not-for-profit organizations, especially small local watershed organizations, to undertake local projects to clean streams affected by acid mining drainage (AMD). Applicants normally receive up to \$100,000 for each reclamation project, primarily for project construction; however, administrative costs associated with completion of the project may be allowed. Applicants are required to have other partners contributing either funding or in-kind services.

**Watershed Cooperative Agreement Program:** Since FY 1999, OSM has awarded 116 cooperative agreements and amendments totaling more than \$10.3 million. In FY 2004, 30 new cooperative agreements were awarded for a total of \$2,845,173, 12 amendments to existing agreements provided an additional \$332,504, and \$350,000 went to the National Fish and Wildlife Foundation for a Multi-Project Award.

In FY 2004, the number of new cooperative agreements for these projects more than doubled the FY 2001 totals.



The increase in participation is due, in part, to the program becoming more established in the communities it serves, and the use of experienced Appalachian Clean Streams Coordinators in promoting the program and assisting in all phases of the projects.

OSM plans to continue to establish a network for carrying out the program

goals, increase the amount of money leveraged for projects, and promote the clean-up of streams impacted by AMD. The program promotes increased cooperation between OSM and community organizations and helps others to gain a better understanding of OSM's mission and goals.

Following are examples of projects funded under the Watershed Cooperative Agreement Program:

- **The Crellin Tipple Acid Mine Drainage (AMD) Project** is located in Garrett County, Maryland, near the Virginia border. The project's goal is to treat a significant amount of acid mine drainage from an old tipple into Snowy Creek, a major tributary of the Youghiogheny River. The Crellin Tipple AMD project will incorporate new, passive, bio-remediation technology to greatly improve water quality (both at this site and in the wetlands at the tipple), return the pH to near neutrality and lower the metal content. Faculty and 108 students from the nearby Crellin Elementary School will participate in this project. When the project is completed, the site will serve as an outdoor classroom to educate students on acid mine drainage. Garrett County, Community Action Committee, Inc. is partnering with the Youghiogheny River Watershed Association, Maryland Department of the Environmental Bureau of Mines, Crellin Elementary School and Board of Education, NiSource, Columbia Gas Company, Crellin Community Improvement Group, Maryland Department of Natural Resources, Garrett College, Garrett County Commissioners, and local community members who are making in-kind contributions to this project. Maryland will provide \$54,000. The other partners will provide \$8,580 in funding and \$14,372 in-kind contributions. With OSM's

\$100,000, total funding for this project will be \$176,952.

- **Big Run #2 AMD Treatment Project** in Indiana County, Pennsylvania, utilized a “passive” treatment technology instead of chemical addition and is removing dissolved aluminum from a 1,200 gallon-per-minute discharge from an abandoned underground coal mine. The mine water flows through a large bed of crushed limestone which raises the pH and causes the aluminum to precipitate. The water then flows through a settling pond before discharging into Big Run. This mine discharge pollutes several miles of stream in the Blackleggs Creek watershed preventing its use as a significant trout fishery. Several years ago, the Blackleggs Creek Watershed Association expanded its efforts from raising and stocking trout in the clean, upper reaches of the stream, to restoring the lower reaches of Blackleggs Creek. Through the dedicated efforts of its members, the Association has constructed two treatment systems and is beginning a third. The Big Run # 2 project was constructed using \$100,000 in funds from OSM’s Appalachian Clean Streams Program – specifically, the Watershed Cooperative Agreement Program, and \$202,000 from Pennsylvania’s Growing Greener Program.
- **The Upper Thompson Creek Restoration Project (UTCRRP)** is located on a tributary to Ollis Creek, Tennessee, that drains into Big Creek in the Clinch River Watershed. During the late 1960's and late 1970's, the area surrounding upper Thompson Creek was surface mined. All mining activities occurred prior to promulgation of regulations for reclamation and protection of water quality. These pre-law surface mine operators expended no effort to reduce or avoid acid mine drainage or control sediment. The resultant effects of surface mining in this watershed are a continuous discharge of acid and iron laden water to Thompson Creek and Thompson Creek's failure to meet water quality stream standards for pH or iron. Big Creek, which receives water from Thompson Creek, is on the state 303(d) list of impaired streams. Degraded water quality conditions prevent aquatic life colonization which is a primary use.

The UTCRRP is proposed as a multi-year, multi-project approach with Phase 1 consisting of water monitoring and design. Design will consist of site reclamation at the upper bench that has been identified as an acid mine drainage production area. This drainage area cannot be diverted and must be addressed. Construction of a new, stable stream channel as a diversion channel is desirable. Phase 1 will require approximately six months for field data collection and design development. Phase 2 consists of finalization of design plans, project implementation and water monitoring. Phase 3 will evaluate implementation with water quality and biological monitoring.

OSM is requesting \$1.092 million for Watershed Cooperative Agreement funding in FY 2006.

*c. State Emergency Program Grants*

Under provisions of SMCRA, OSM provides funds to States to abate emergencies. These are AML problems which occur suddenly and present high probability of substantial physical harm to the health, safety, or general welfare of people, and have to be addressed immediately. The funding for this activity supports DOI's goal to protect lives, resources, and property under the Serving Communities mission component.

States that operate their own emergency programs, fund the emergency projects from their AML grants. Emergency project funds originate in the Federal Share portion of the AML Allocation and are in addition to States' regular AML grant allocation. The following fourteen States now operate their own emergency programs: Alabama, Alaska, Arkansas, Illinois, Indiana, Iowa, Kansas, Missouri, Montana, North Dakota, Ohio, Oklahoma, Virginia, and West Virginia.

OSM carries out emergency project responsibilities for the Tribes, for States without approved reclamation programs (California, Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, Tennessee and Washington) and for States that have not requested the authority to administer their own emergency programs (Colorado, Kentucky, Louisiana, Maryland, New Mexico, Pennsylvania, Texas, Utah, and Wyoming).

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

OSM's FY 2006 request includes funds for the State administered programs. Funding for Federally managed State emergencies and Federal program emergencies is identified under the Federal Reclamation Program.

**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. This program area is an integral part of the State and Tribal funding. Evaluation of State and Tribal reclamation programs ensure efficient and effective use of program dollars for the intended purpose. Funds provided under this activity (\$2.5 million) support the Department's Serving Communities goal.

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

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

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

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

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

### **3. Federal Reclamation Program**

Through the Federal Reclamation sub-activity, funds (\$17.2 million) are provided for the elimination of the highest priority environmental hazards associated with past mining in non-primacy States; and, elimination of hazards that pose imminent harm to people and property in States without an emergency program (Kentucky and Pennsylvania). Note that \$8.875 million will be for funding the Federally-managed State emergencies. These activities support the Department's Serving Communities goal.

This program activity funds the following components:

- emergency projects;
- high-priority projects;
- 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, and where 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 emergencies, Pennsylvania and Kentucky, do not have an approved emergency program. Typically, OSM administers over half of all emergency abatement work performed annually.

The Federal Emergency Projects component provides immediate relief from abandoned mine hazards that threaten public health and safety on Federal and Indian lands in States without their own emergency program. Emergencies are generally the result of two different types of events. The most common emergencies are subsidence events, the caving in of old underground mines. Subsidence can impact man-made structures on the surface, and may be life threatening when occurring 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 Midwestern states and Anthracite regions of northeastern Pennsylvania.

The second type of event is landslides. These are usually the result of unstable mine spoil placed on steep hillsides. This occurs generally in the steep slope areas of Appalachia, and especially in eastern Kentucky and southern West Virginia. Landslides can impact homes and other man-made structures and may block streams, which, in turn, can cause flooding either above or below the blocked stream. Landslides are generally more costly to abate than other AML problem types.

In FY 2004, OSM started 229 reclamation projects in response to emergencies. The most emergencies, (146) occurred in Pennsylvania, followed by Kentucky (59). Kentucky emergencies required the most funding, over \$4.7 million, primarily in abating landslides. About \$1.9 million was spent in Pennsylvania, generally related to lower-cost subsidence events.

When notified of a possible emergency situation, OSM personnel will visit the site, usually within 24 hours. Should OSM determine an emergency exists, OSM conducts remedial action as quickly as possible to abate the emergency situation. In FY 2004, of the 765 potential emergencies referred to the Federal program, 224 were determined to be emergencies. Of the remainder, 537 were determined not to be emergencies or did not result from coal mining, or were reclaimed by the landowner, while 4 were still under investigation at the close of the fiscal year.

*b. Federal High-Priority Projects*

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

During FY 2004, OSM completed 6 high priority projects. Two were located in Tennessee and resulted in the reclamation of 8 acres and the installation of two mine drainage treatment systems. One project which reclaimed 5 acres was completed in Georgia. One project closed a mine subsidence in a public park in California. In Washington State, two projects sealed six mine shafts, while four projects continued ongoing reclamation efforts. In addition, a contract to backfill two mine shafts in Michigan was awarded in FY 2004.

OSM is requesting funding in the amount of \$1.0 million for the Federal high-priority projects in FY 2006.

*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), project funds are provided to control or extinguish outcrop and underground fires. Funds for this purpose are provided by the Regulation and Technology appropriation to control or extinguish coal fires. OSM costs of administering these projects are included in the AML budget request. 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.

During FY 2004, the states of Montana and North Dakota, and the Navajo Nation were awarded a total of \$90,000 in coal outcrop funding. Montana will concentrate on 3 outcrop fires in Yellowstone and Big Horn Counties. North Dakota will continue to concentrate on extinguishing priority fires in western North Dakota on U. S. Forest Service grass lands. During FY 2003 North Dakota was successful in completing 8 of 25 grass land sites. They will extinguish or control more of these remaining sites in FY 2004 - 2005. The Navajo Tribe is in the process of eliminating another coal outcrop fire located on Navajo Tribal Trust lands, in San Juan County New Mexico. OSM offices in the west continue to keep inventories of coal outcrop fires.

*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 on the site in order to make two threshold determinations: (1) does an emergency condition exist? and (2) is the condition related to abandoned coal mining?

Time is of the essence; in some instances, abatement activities begin within hours of OSM's initial investigation.

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

- Compliance with the National Environmental Policy Act (NEPA) and the Historic Preservation Act;
- Obtaining the right of entry for access;
- Developing engineering plans and specifications needed for abatement;
- Preparing and mailing bid packages to potential construction contractors;
- Conducting pre-bid and pre-construction conferences;
- Awarding contracts;
- Coordinating, managing and inspecting all aspects of the ongoing construction; and
- Reviewing, approving and paying invoices.

*e. Civil Penalty Reclamation Projects*

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

Since the major coal producing states administer their own programs, civil penalty revenues available to OSM have decreased to levels that are not sufficient for all emergency post act reclamation needs. In FY 2004, six emergency projects were funded in Kansas, Kentucky, Oklahoma, Pennsylvania, and Virginia using civil penalty funds of \$255,000.

*f. Bond Forfeitures*

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

In FY 2004, 96 acres were reclaimed in the State of Tennessee at a cost of \$361,900. OSM anticipates reclaiming 15 acres in FY 2005, at a cost of \$65,000. In FY 2006 it is planned that 40 acres will be reclaimed at a cost of \$30,500.

#### **4. Program Development and Maintenance**

This program activity provides funding for reclamation program management and programmatic guidance to States and Tribes. The Program Development and Maintenance activity is an integral part of the State and Tribal funding program. The fund for this activity (\$3.1 million) supports the Department's Serving Communities goal. OSM has an ongoing process of reviewing existing policies in the Environmental Restoration business line. Whenever necessary, policies are revised to meet the existing need of the programs and to keep abreast of changes to the law.

OSM, in consultation with the States and Tribes, developed an oversight review system that provides for enhancement and performance evaluation of reclamation programs. OSM also assists States and Tribes to build on successes by providing ongoing technical assistance, by continually enhancing the primacy grants process, and 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 abatement programs, and supports implementation of their AML programs through technical and program assistance as needed.

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

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

During FY 2004, the State Reclamation Plan amendment activity was as follows:

| <b>Table 2 – State Reclamation Plan Activity FY 04</b> |                             |                         |                          |                               |
|--|-----------------------------|-------------------------|--------------------------|-------------------------------|
| <i>Number of Amendments</i>                            |                             |                         |                          |                               |
| <b>Amendment Type</b>                                  | <b>Pending Oct. 1, 2003</b> | <b>Received FY 2004</b> | <b>Completed FY 2004</b> | <b>Pending Sept. 30, 2004</b> |
| <b>Informal</b>  | 0                           | 0                       | 0                        | 0                             |
| <b>Formal</b>  | 0                           | 2                       | 2                        | 0                             |
| <b>Total</b>   | 0                           | 2                       | 2                        | 0                             |

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.

In accordance with the requirements of SMCRA, AMLIS contains data for known Priority 1 and 2, pre-SMCRA coal reclamation problems. Each problem is classified as unfunded, funded or completed. Problems are designated “funded” when construction contracts have been awarded to reclaim them. The AMLIS also contains information regarding funded and completed Priority 3 coal and post-SMCRA coal problems, as well as information on completed non-coal problems.

A WEB based version of AMLIS was deployed in FY 2003. It enables the public to readily access information in OSM’s Abandoned Mine Land Inventory. They can search for information about individual Problem Areas or query the Inventory. The results of a query can be shown in preformatted reports or on a map. The results of a query can also be downloaded. States, Indian tribes, and OSM are using a version of the WEB based AMLIS to enter/modify information.

*b. Grants Management*

OSM supports and participates in the Department of the Interior's (DOI) grants simplification efforts based on Public Law 106-107, the Administration's e-Government initiative, and Health and Human Services' e-grants program (Grants.gov). DOI is currently working on a new agency-wide accounting system, the Financial and Business Management System (FBMS). OSM will be one of the first bureaus within the Department to implement the system by converting OSM's current financial assistance program during FY 2005. OSM has a decentralized grants management organization, with a small policy staff at headquarters. The day-to-day grants and program management is performed in regional/field offices, and accounting and reporting occurs under the Financial Management business line activity. OSM and the State/Tribal grantees cooperate to maximize the use of available funding and operate an effective program. Grantees provide input by participating on ad hoc teams and by reviewing and commenting on program changes in the program. This cooperative working relationship contributes to streamlined application and awards processes, faster obligation of Federal funds, innovative program monitoring, and less paperwork-intensive reporting and close-out of grants. In addition, OSM periodically holds meetings/workshops with the State/Tribal grantees to provide training for grantees and to keep them abreast of policies and procedures.

*c. AML Enhancement Initiative*

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

Under this rule, reclamation at a particular AML site can be provided by private contractors in exchange for the incidental coal found at the site. The removal of the 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 should 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 the existing AML programs will apply to projects covered under the scope of the proposal.

The States and Indian Tribes have the option of adopting the provisions of this rule in their reclamation programs. Several States have availed themselves of this opportunity. Pennsylvania has amended its program and has already identified 41 areas to be eventually reclaimed under this concept. Ohio published its final rules in 1999, and Virginia, Maryland and Alabama published its rules in 2000. In 2003, both Kentucky and West Virginia implemented program changes.

### **FY 2004 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2004, the major accomplishments in the Environmental Restoration program activity include:

- Through grants provided to States and Indian tribes, reclaimed 6,965 equivalent acres of abandoned coal mine lands presenting health and safety hazards.
- Distributed \$6.6 million to 12 States under the Clean Streams Program to restore and improve the quality of watersheds damaged by mining.
- OSM placed 23 summer interns with watershed organizations in 7 States.
- Awarded \$3.5 million in the form of 30 new watershed cooperative agreements and 12 amendments to organizations in 5 States for acid mine drainage treatment projects.
- OSM and States started 229 emergency abandoned coal mine reclamation projects.
- Emergency abatement efforts directly affected 7,065 people.

### **FY 2005 PLANNED PROGRAM PERFORMANCE**

- Through grants provided to States and Indian tribes, will reclaim 8,200 equivalent acres of abandoned coal mines sites.
- Continue assistance to communities interested in Brownfield grants and Vista Watershed Development Coordinators in states, under the Appalachian Clean Streams Program.
- Meet performance goals as follows:

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|  | <b>FY 2004<br/>Actual</b> | <b>FY 2005<br/>Plan</b> | <b>FY 2005 Plan<br/>versus FY<br/>2004 Actual</b> |
|--|---------------------------|-------------------------|---|
| Number of land acres reclaimed or mitigated from the effects of degradation from past mining (Calculated equivalent acres). (SP)   | 6,965                     | 6,900                   | -65<br>(-0.9%)                                    |
| Number of stream-miles for which degradation from past surface coal mining has been improved (SP)  | 33                        | 150                     | +117  |
| Number of surface acres of water for which degradation from coal mining has been improved. (SP)  | 36                        | 150                     | +114  |
| Number of people with reduced exposure potential to safety risks from abandoned mine lands. (SP) (PART)  | 160,257                   | 11,000                  | *   |
| Number of active partnering and leveraging agreements. (PPM)   | 74                        | 56                      | -18<br>(-24%)                                     |
| The amount of increased funds derived from active partnering and leveraging agreements. (PPM)  | 8,179,634                 | 70,000                  | *   |
| Percentage of declared emergencies abated within six months. (PPM)   | 98%                       | 95%                     | -3<br>(-3%)                                       |
| Number of people directly affected (emergency abatements).(PPM)  | 11,400                    | 8,250                   | -3,150<br>(-27%)                                  |
| Percent of AML grant funds obligated nationally by States and Tribes. (PPM)  | 96%                       | 90%                     | -6%<br>(-6%)                                      |
| <p>*Baseline data for proposed PART measures (PPM) is currently under review. Baseline data was not available when determining projections. Projections to be revised to reflect actual data.</p> <p><u>Accomplishment Data:</u> The data for measuring reclamation accomplishments will come from the Abandoned Mine Land Inventory System (AMLIS); from our State and Tribal partners; and a separate tracking system utilized for the Clean Streams projects.</p> <p>PPM=Proposed PART Measure.</p> |                           |                         |   |

**JUSTIFICATION OF 2006 PROGRAM CHANGES**

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| Environmental Restoration | FY 2006 Budget Request | Program Changes (+/-) |
|---------------------------|------------------------|-----------------------|
| \$(000)                   | 228,371                | +60,037               |
| FTE                       | 98                     | 0                     |

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State and Tribal Funding – Certified States (+\$58,000,000) – The 2006 budget supports the Administration’s vision for reauthorizing the AML program. It provides \$147.5 million in AML grants to non-certified States and Tribes and another \$58.0 million in AML grants to certified States and Tribes. The proposed budget will increase the percentage of appropriated AML funds for reclamation of high priority abandoned coal mine sites and provide for the repayment of State shares to certified States and Tribes.

Federal Reclamation Program – High Priority Projects (+\$1,000,000) - OSM is proposing to reinstate some funding for its Federal high priority project program, resulting in a \$1.0 million increase. OSM was able to forgo funding in FY 2005 because it had sufficient prior year carryover to fund the program for that year. OSM’s current unobligated balance in the program is about \$ 1.7 million. OSM expects to spend an additional \$1 .4 million in FY 2005. The proposed amount of \$ 1.0 million will provide funding for the program in FY 2006. The inventory of current Federal high priority projects is over \$20 million. The number of projects that would be funded will depend on the complexity and type of reclamation projects.

Federal Reclamation Program – Watershed Projects (+\$1,092,000) – OSM is proposing to reinstate a portion of the funding for these projects. In FY 2005, the program was reduced by \$2.7 million due to sufficient carryover funds being available to cover the program in that fiscal year. Carryover funds will be down to \$1 million in FY 2006. The program averages \$2.0 million per year so this funding is necessary to continue with a viable program. The average Cooperative Agreement funding per project is \$100,000. This increase will support about 11 Cooperative Agreements and will be combined with any remaining carryover from FY 2005 to support this important effort.

Federal Vehicle Fleet (-\$4,000) - In 2004, the Department began a collaborative initiative to improve fleet management, developed a strategic plan, and began to implement recommendations from a review of the program conducted by the Office of Inspector General. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and vehicles that have surpassed their lifecycle, use of fleet performance measures, energy-saving practices and expanded use of alternate-fueled vehicles, and expanded leasing. The Department-wide strategy for improved fleet management includes migrating fleet management programs to a more standardized operational model that promotes energy-saving

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technologies, the development of fleet composition baselines and multi-year plans, improved performance metrics that address efficiency and effectiveness, vehicle and motor pool sharing, and purchase and lease arrangements that consider seasonal workforces.

On an annual basis, Interior spends over \$160 million to operate and maintain its fleet of approximately 38,000 vehicles. Interior's improvement plan provides a goal for reduction to fleet expenditures of \$11 million in 2005 and an additional \$3.7 million in 2006. The reduction is OSM's share of the improvement plan for FY 2006.

Information Technology (-\$51,000) – Represents overall Bureau savings from FY 2005 to FY 2006 in IT investments.

## FY 2006 ENVIRONMENTAL RESTORATION PROGRAM PERFORMANCE

| <b>Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources</b>   |                       |                     |                       |                                   |                             |                     |  |                                |
|---|-----------------------|---------------------|-----------------------|-----------------------------------|-----------------------------|---------------------|--|--------------------------------|
| <b>Measures:</b>  | <b>FY 2003 Actual</b> | <b>FY 2004 Plan</b> | <b>FY 2004 Actual</b> | <b>FY 2005 President's Budget</b> | <b>FY 2005 Revised Plan</b> | <b>FY 2006 Plan</b> | <b>Change in Performance 2005 Plan to 2006</b> | <b>Long-term Target (2008)</b> |
| Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) <u>1/</u> <u>3/</u> <u>4/</u> (SP) (PART)   | 6,539                 | 6,900               | 6,965                 | 8,200                             | 6,900                       | 8,200               | 1,300<br>+19%                                  | 8,200                          |
| Number of stream-miles for which degradation from past surface coal mining has been improved <u>1/</u> <u>2/</u> <u>4/</u> (SP) (PPM)   | UNK                   | 150                 | 33                    | 175                               | 35                          | 35                  | 0  | 35                             |
| Number of surface acres of water for which degradation from coal mining has been improved. <u>1/</u> <u>2/</u> <u>4/</u> (SP) (PPM)   | UNK                   | 150                 | 36                    | 175                               | 35                          | 35                  | 0  | 35                             |
| Number of active partnering and leveraging agreements. <u>1/</u> <u>2/</u> (PPM)  | UNK                   | 56                  | 74                    | 56                                | 56                          | 56                  | 0  | 56                             |
| The amount of increased funds derived from active partnering and leveraging agreements. <u>1/</u> <u>2/</u> (PPM)   | UNK                   | 70,000              | 8.179 million         | 70,000                            | 70,000                      | 70,000              | 0  | 70,000                         |
| <b>Serving Communities End Outcome Goal 4.1: Protect lives, resources and property.</b>   |                       |                     |                       |                                   |                             |                     |  |                                |
| Number of people with reduced exposure potential to safety risks from abandoned mine lands. <u>1/</u> <u>2/</u> <u>5/</u> (SP) (PART)   | UNK                   | 10,000              | 160,257               | 11,000                            | 11,000                      | 11,000              | 0  | 11,000                         |
| Percentage of declared emergencies abated within six months. <u>1/</u> <u>2/</u> (PPM)  | UNK                   | 92%                 | 98%                   | 95%                               | 95%                         | 95%                 | 0  | 95%                            |
| Number of people directly affected (Emergencies abated). <u>1/</u> <u>2/</u> (PPM)  | UNK                   | 8,250               | 11,400                | 8,250                             | 8,250                       | 8,250               | 0  | 8,250                          |
| <p><u>1/</u> OSM collects information through various information systems and from various States and Tribes participating in OSM programs. The information is considered reliable for indicating performance trends and being the basis for decision making. <u>2/</u> Baseline data was not available when determining projections. Projections to be revised to reflect actual data. <u>3/</u> For simplifying reporting, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres. <u>4/</u> Reduction in target for FY 2005 Revised Plan reflects funding request not enacted. <u>5/</u> Information calculated from projects reported completed in AMLIS matched with the number of people residing within one mile radius of project calculated from census tract data.</p> <p>* Estimated data: State regulatory authorities provided data for the time period July 1, 2003, to June 30, 2004, to accommodate the accelerated publishing requirements of the OSM Annual Report. Federal program data submitted for the federal fiscal year. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM = Proposed PART Measure; BUR = Bureau Measure; UNK = data unavailable</p> |                       |                     |                       |                                   |                             |                     |  |                                |

**ENVIRONMENTAL PROTECTION**

(dollars in thousands)

|                               |        | 2004<br>Actual | 2005<br>Estimate | Uncontroll.<br>& Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2006<br>Budget<br>Request | Change<br>from 2005<br>(+/-) |
|-------------------------------|--------|----------------|------------------|--|-----------------------------|---------------------------|------------------------------|
| Regulation<br>&<br>Technology | \$\$\$ | 78,484         | 79,821           | 439  | -694                        | 79,566                    | -255                         |
|                               | FTE    | 198            | 193              | 0  | 0                           | 193                       | 0                            |
| Abandoned<br>Mine Land        | \$\$\$ | 0              | 0                | 0  | 0                           | 0                         | 0                            |
|                               | FTE    | 0              | 0                | 0  | 0                           | 0                         | 0                            |
| TOTAL                         | \$\$\$ | 78,484         | 79,821           | 341  | 1,131                       | 79,566                    | -255                         |
|                               | FTE    | 198            | 193              | 0  | 0                           | 193                       | 0                            |

**MISSION GOAL: TO PROTECT PEOPLE AND THE ENVIRONMENT DURING CURRENT MINING OPERATIONS AND TO ENSURE THAT THE LAND IS RESTORED TO BENEFICIAL USE AFTER MINING HAS CEASED.**

The Environmental Protection business line provides resources to administer a regulatory program over coal mine operations in 24 primacy States, in Federal program states, and on Federal and Indian Lands. The program addresses the protection of public health, safety, and general welfare from the adverse affects of current mining, and restoration of land at the conclusion of mining. Current coal mining operations include over 4.4 million acres in 26 States and on the lands of three Indian Tribes. During active mining, the potential risk from safety and environmental hazards exists within the permitted site. However, because of required SMCRA precautions, long-term effects are minimized. If these safeguards are not taken during and after current mining, the nation could face reclamation costs that far exceed the \$8.5 billion cost of addressing existing priority 1, 2, and 3 AML problems.

The business line supports DOI's Resource Use mission goal through the State and Federal regulatory programs under SMCRA to ensure that coal extraction operations are conducted in an environmentally responsible manner, and that the land is adequately reclaimed during and following the mining process. OSM administers Federal programs in Washington and Tennessee. OSM also administers the Indian Lands Program for mining on Navajo, Hopi, Ute, and Crow Tribal lands. States assist OSM through cooperative agreements to regulate mining on Federal lands. OSM supports State regulatory programs with grants and technical assistance.

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The regulatory grants and state evaluation programs were reviewed under the FY 2005 Program Assessment Rating Tool (PART) process. The assessment found:

- The purpose of the regulatory program is clear;
- States and Indian Tribes assess the program annually through meetings and conferences held throughout the year; and
- Measurable outcome-based performance goals are needed.

In response to Recommendations 1 and 2, OSM has held several meetings with State representatives to develop new measures. OSM is the regulatory authority for Indian lands and will work with the Indian Tribes in developing the performance measures. In August 2003, a steering committee comprised of OSM and State staff developed initial draft measures. These measures were presented to States at the November 2003 Interstate Mining Compact Commission meeting. In May 2004, the Steering Committee held its last meeting to refine draft measures. OSM is considering the Steering Committee's recommended measures in its development of final measures.

OSM's Federal Regulatory and Abandoned Mine Land Program was reviewed under the FY 2006 PART process. The scope of this review included the components of Federal regulation of mining operations in 12 states and on Indian Lands, recommendations on mining plans on Federal Lands; Federal reclamation of abandoned mined lands through high priority and emergency projects; and associated support costs such as technology development and training. Preliminary results indicate that the program is needed and well run. Performance measures for the regulatory program need further development as previously indicated in the FY 2005 PART. OSM continues to work on the development of more meaningful measures in this area.

In FY 2005 and 2006, PART Assessments of the Regulatory grants and Federal Program were conducted. While the assessment found that the programs are well managed, the PART found that measurable outcome based goals are needed. In response to the recommendations OSM:

- ❖ Conducted meetings with States and Indian Tribes to review program performance as a first step in development of program measures.
- ❖ Conducted a meeting with the DOI Office of Inspector General on the overall development of measures, and in particular the OIG recommendation to revise the bond release GPRA measure.

In FY 2005-2006 OSM plans to:

- ❖ Initiate a study to identify data elements, determine availability, and further define current target of 70,000 acres released using trend data and ratios of past mining and reclamation of mined sites.
- ❖ Building on baseline data, develop targets for additional performance measures, such as reporting land reclaimed by land use category.
- ❖ Develop a process and schedule for implementing the changes.

**Operational Processes (Program Activities):** Program activities within this business line ensure the environment is protected during surface coal mining operations and that coal operators adequately reclaim disturbed land after mining is completed.

***ENVIRONMENTAL PROTECTION  
ENCOMPASSES:***

*State and Tribal Funding*

- *State Grants*
- *State Regulatory Activities*
- *Cooperative Agreement Funding*
- *Tribal Regulatory Development Grants*

*Federal Program*

*Federal Lands Program*

*Indian Lands Program*

*State Program Evaluation*

This business line also provides for OSM's costs to ensure that States' programs are current with all Federal regulatory requirements. The State and Tribal funding program activity includes grants to States to regulate coal operations on lands within their borders. For States with cooperative agreements, this activity also includes grants to regulate coal operations on Federal lands.

Finally, this activity includes grants to Tribes to develop regulatory programs and to assist OSM in the regulation of surface coal mining and reclamation operations on Tribal lands. The State Program Evaluation activity funds OSM's oversight of State programs. The Federal Program activity funds OSM activities to ensure SMCRA compliance for non-primacy States (States with a Federally-administered regulatory program). The Federal Lands Program activity funds OSM's activities in preparing Mining Plan Decision Documents for leased Federal coal as well as any regulatory activities on Federal Lands not covered by a cooperative agreement. The Indian Lands Program activity funds OSM's regulatory responsibilities on Indian Lands.

OSM's Environmental Protection mission goal promotes responsible mineral extraction and addresses the protection of public health, safety, and general welfare from the adverse affects of current surface coal mining and reclamation operations since the enactment of SMCRA in 1977. The performance measures for this goal are the protection of the environment and public from off-site impacts resulting from surface coal mining operations and successful reclamation on lands affected by surface coal mining operations. This goal is accomplished through the cooperative efforts of the OSM and State regulatory offices. The following measures are used by OSM as indicators of annual performance.

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Off-site impacts, are negative effects resulting from surface coal mining activities such as, blasting or water runoff that affect people, land, water, or structures outside the permitted area of mining operations. The severity of the impacts is rated as minor, moderate, or major. Due to the nature of mining, it is inevitable that some impacts will occur.

Acres released from Phase I, II, or III Bond Release, This performance measure is the number of acres of land that is reclaimed every year by active coal mine operators, and is dependent on the operator to file an application for the release. This is documented and measured through a series of bond releases. The bonds are required to assure that funds are available for reclamation in case the operator fails to reclaim the mined land. Phase III bond release shows the number of acres that have been fully reclaimed from current mining operations, and have met the performance standards.

**Actions Required to Achieve Annual Goals:** OSM continues its outreach to interested parties to address concerns related to mountaintop removal operations, acid mine drainage, and slurry and other impoundments, to evaluate its rules, to advance re-mining efforts, and to ensure that contemporaneous reclamation is occurring. OSM will continue to practice the Secretary's 4C's philosophy through working in partnership with States and Tribes to carry out the mission of the SMCRA. The shift in OSM's role from direct enforcement to oversight has refocused actions on mission accomplishment while fostering better working relationships with States.

**Resources, Skills, and Technology Needed:** Program analysts, reclamation specialists, grant specialists, and various support personnel are needed to implement the State regulatory program and to conduct program evaluations. OSM and the primacy States also will continue to need a diverse and multi-disciplinary cadre of personnel skilled in scientific and engineering areas to review mine permits, determine whether performance bond coverage and amounts are sufficient to ensure reclamation, conduct mine site inspections, and implement enforcement actions when necessary. Computer systems personnel are needed to help maintain various data systems, such as the National Inspection and Enforcement Tracking System that contains data from OSM's oversight and regulatory program inspections.

For FY 2006, the President's Budget requests \$57.2 million to fund 24 State regulatory programs at the maximum 50 percent Federal match level. Additionally, this amount will provide full funding for 14 Federal lands cooperative agreements with States and full funding of four Tribal regulatory program development grants.

The FY 2006 budget request includes \$8.1 million to continue its State program oversight activities and \$5.7 million to fund regulatory programs in non-primacy States like, Tennessee and Washington. Also included in the FY 2006 budget request is \$1.5 million for OSM to regulate Federal Lands, \$2.4 million for regulatory programs on Indian Lands, and \$4.6 million for program development and maintenance to ensure that regulatory standards adequately reflect changes in technologies and program needs.

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The following section details, by program activity, the funding and FTE resources required to meet the annual performance measures. It also includes examples of cooperative work between OSM, States, and Tribes to regulate coal-mining activities.

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**Table 3 – Justification of Program and Performance  
Environmental Protection**

Summary Increases/Decreases for FY 2006  
(Dollars in Thousands)

| Program Activity         |        | Regulation & Technology |                  |                 | Abandoned Mine Lands |                  |                 | Total          |                  |                 | Inc/Dec<br>(+/-) |
|--------------------------|--------|-------------------------|------------------|-----------------|----------------------|------------------|-----------------|----------------|------------------|-----------------|------------------|
|                          |        | 2004<br>Actual          | 2005<br>Estimate | 2006<br>Request | 2004<br>Actual       | 2005<br>Estimate | 2006<br>Request | 2004<br>Actual | 2005<br>Estimate | 2006<br>Request |                  |
| State and Tribal Funding | \$\$\$ | 56,863                  | 57,207           | 57,207          | 0                    | 0                | 0               | 56,863         | 57,207           | 57,207          | 0                |
|                          | FTE    | 0                       | 0                | 0               | 0                    | 0                | 0               | 0              | 0                | 0               | 0                |
| State Program Evaluation | \$\$\$ | 8,021                   | 8,016            | 8,151           | 0                    | 0                | 0               | 8,021          | 8,016            | 8,151           | 135              |
|                          | FTE    | 80                      | 80               | 80              | 0                    | 0                | 0               | 80             | 80               | 80              | 0                |
| Federal Programs         | \$\$\$ | 5,262                   | 5,263            | 5,740           | 0                    | 0                | 0               | 5,262          | 5,263            | 5,740           | 477              |
|                          | FTE    | 44                      | 43               | 43              | 0                    | 0                | 0               | 44             | 43               | 43              | 0                |
| Federal Lands            | \$\$\$ | 1,465                   | 1,467            | 1,485           | 0                    | 0                | 0               | 1,465          | 1,467            | 1,485           | 18               |
|                          | FTE    | 11                      | 11               | 11              | 0                    | 0                | 0               | 11             | 11               | 11              | 0                |
| Indian Lands             | \$\$\$ | 2,333                   | 2,332            | 2,366           | 0                    | 0                | 0               | 2,333          | 2,332            | 2,366           | 34               |
|                          | FTE    | 20                      | 19               | 19              | 0                    | 0                | 0               | 20             | 19               | 19              | 0                |
| Program Dev/Maint.       | \$\$\$ | 4,540                   | 5,536            | 4,617           | 0                    | 0                | 0               | 4,540          | 5,536            | 4,617           | -919             |
|                          | FTE    | 43                      | 40               | 40              | 0                    | 0                | 0               | 43             | 40               | 40              | 0                |
| TOTAL                    | \$\$\$ | 78,484                  | 79,821           | 79,566          | 0                    | 0                | 0               | 78,484         | 79,821           | 79,566          | -255             |
|                          | FTE    | 198                     | 193              | 193             | 0                    | 0                | 0               | 198            | 193              | 193             | 0                |

## **ONGOING PROGRAM**

### **1. State and Tribal Funding**

The \$57.2 million requested for State and Tribal Funding supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment.

#### *a. State Grants*

The principal means of providing environmental protection within the framework of SMCRA is through "primacy" States that receive Federal grant funding. Primacy States have the most direct and critical responsibilities for conducting regulatory operations to minimize the impact of coal extraction operations on people and the environment. The States have the unique capabilities and knowledge to regulate the lands within their borders. Providing a 50 percent match of Federal funds to primacy States in the form of Administration and Enforcement (A&E) Grants results in the highest benefit and the lowest cost to the Federal government. If a State were to relinquish primacy, OSM would have to hire sufficient numbers and types of Federal employees to implement the program. The cost to the Federal government would be significantly higher.

#### *b. State Regulatory Activities*

Activities of State regulatory authorities include: permit review and issuance, with reliance on the Applicant Violator System (AVS) to ensure that permits will not be issued to operators with outstanding violations; inspection and enforcement; designation of lands unsuitable for mining; and ensuring timely reclamation after mining. In addition, individual States may conduct special activities to address specific needs. These activities may include upgrading permitting programs, computerizing systems to improve review of pending permits, and drafting regulations that respond to changes in Federal rules.

All active and inactive sites, facilities, and areas that support coal mining and reclamation within a State are inspected by the State regulatory authority for compliance with all program requirements. SMCRA requires all active inspectable units under the permanent program to have four complete and eight partial inspections per year. Four complete inspections are required annually for all inactive units.

*c. Cooperative Agreement Funding*

Cooperative agreements with OSM allow States to review and issue permits and conduct the required inspections of regulated facilities on Federal lands. Cooperative agreements provide for uniform enforcement of State program requirements at all facilities within the State and reduce both direct Federal program costs and Federal staff requirements. SMCRA section 705 (c) sets the amount that a State may receive through a cooperative agreement at up to 100 percent of the amount that the Federal government would have to spend to do the same work.

Currently, the following 14 States have entered into cooperative agreements with OSM to administer most surface coal mining requirements on Federal lands: Alabama, Colorado, Illinois, Indiana, Kentucky, Montana, New Mexico, North Dakota, Ohio, Oklahoma, Utah, Virginia, West Virginia, and Wyoming.

*d. Tribal Regulatory Development Program Grants*

As allowed by the Energy Policy Act of 1992 and Section 710 (i) of SMCRA, OSM provides grants to the Crow, Hopi, Navajo, and Northern Cheyenne Tribes to assist them in developing regulations and programs for regulating surface coal mining and reclamation operations on Indian lands. The grant amounts are based on each Tribe's anticipated workload to develop Tribal regulations and policies, to assist OSM with surface coal mine inspections and enforcement (including permitting activities, mine plan review and bond release) and to sponsor employment training and education concerning mining and mineral resources. These grants fund 100 percent of the Tribal primacy development activities.

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**Table 4 – Fiscal Year 2006 State & Tribal Regulatory Funding Estimates  
(Federal dollars only)**

*These amounts are based on FY 2006 grant requests (18-month estimates) and represent 50% of the costs to regulate surface coal mining on non-federal lands and 100% of the costs on Federal Lands. Actual grant awards will be based on historical expenditures, justifications by the States, and OSM evaluations.*

| State/Tribe   | Non-Federal Lands   | Federal Lands      | Total               |
|---------------|---------------------|--------------------|---------------------|
| Alabama       | 1,120,858           | 12,944             | 1,133,802           |
| Alaska        | 178,130             | 0                  | 178,130             |
| Arkansas      | 136,934             | 0                  | 136,934             |
| Colorado      | 360,197             | 1,559,339          | 1,919,536           |
| Illinois      | 2,111,392           | 95,902             | 2,207,294           |
| Indiana       | 2,017,475           | 0                  | 2,017,475           |
| Iowa          | 125,309             | 0                  | 125,309             |
| Kansas        | 125,612             | 0                  | 125,612             |
| Kentucky      | 11,529,024          | 1,048,641          | 12,577,665          |
| Louisiana     | 167,830             | 0                  | 167,830             |
| Maryland      | 524,209             | 0                  | 524,209             |
| Mississippi   | 103,524             | 0                  | 103,524             |
| Missouri      | 299,741             | 0                  | 299,741             |
| Montana       | 195,227             | 792,739            | 987,966             |
| New Mexico    | 260,928             | 413,368            | 674,296             |
| North Dakota  | 242,172             | 282,533            | 524,705             |
| Ohio          | 2,033,574           | 0                  | 2,033,574           |
| Oklahoma      | 543,355             | 374,713            | 918,068             |
| Pennsylvania  | 11,801,900          | 0                  | 11,801,900          |
| Texas         | 1,142,988           | 0                  | 1,142,988           |
| Utah          | 212,285             | 1,421,381          | 1,633,666           |
| Virginia      | 3,046,510           | 3,526              | 3,050,036           |
| West Virginia | 10,303,871          | 0                  | 10,303,871          |
| Wyoming       | 265,930             | 1,741,053          | 2,006,983           |
| Crow          | 0                   | 56,091             | 56,091              |
| Hopi          | 0                   | 155,312            | 155,312             |
| Navajo        | 0                   | 400,538            | 400,538             |
| N. Cheyenne   | 0                   | 0                  | 0                   |
| <b>TOTALS</b> | <b>\$48,848,975</b> | <b>\$8,358,080</b> | <b>\$57,207,055</b> |

## **2. State Program Evaluation**

The \$8.1 million requested for State Program Evaluation supports the Department's Resource Use goal area by ensuring the efficient operation of State regulatory programs.

### *a. Oversight Strategy*

OSM's current oversight strategy focuses on whether the public protection requirements and environmental protection standards of SMCRA are being met, with primary focus on end results and the on-the-ground success of States in meeting SMCRA's environmental protection goals. This includes prompt and effective reclamation of coal mine land and public participation in the regulatory program.

OSM conducts oversight under a results-oriented strategy that emphasizes cooperative problem solving with the States, evaluations tailored to State-specific conditions, and the development of performance agreements. This strategy has promoted a more positive attitude and spirit of cooperation that lets OSM work cooperatively with the States to improve State program implementation. To provide clarity in guidance and consistency in oversight and evaluation, OSM continues to review and refine its oversight strategy.

### *b. OSM-State Performance Agreements*

OSM's oversight directive outlines the performance agreement as a framework for OSM and the State to agree on a plan to conduct oversight activities. Joint efforts to prepare workable performance agreements also maintain and improve the relationship between OSM and the State, fostering shared responsibilities and a more open discussion of difficult issues.

Inspections are identified in performance agreements and are planned and conducted to collect data relative to the oversight directive and the annual evaluation report. Many reviews are designed to investigate some previously identified areas of concern. Inspections often are the means to collect the data. Joint inspections with the States provide the opportunity for OSM's Field Offices to work cooperatively with the States and industry to resolve problems.

### *c. Public Participation*

OSM's oversight directive provides great flexibility to conduct oversight activities in a manner consistent with the needs of individual State programs. Central to identifying potential needs and oversight topics are the views of the public. Periodic meetings are held by OSM Field Offices to identify public concerns regarding coal mining regulatory programs.

*d. Oversight Inspections*

SMCRA requires the Secretary to conduct mine inspections to evaluate the administration of State programs. Inspections are conducted on a range of sites - from those actively producing coal to forfeited bond sites awaiting reclamation. OSM's policy gives its regional and field managers discretion and flexibility to be proactive and to prioritize and selectively target their inspections to focus on those topics and activities that present the best opportunity for environmental improvement or the best means of evaluating the impact of program implementation on society and the environment. For example, inspections may focus on high-priority problems such as acid mine drainage, impoundments and other problem areas, as well as current coal mining operations and abandoned mine sites awaiting reclamation. This policy allows for the most effective use of available resources.

Consistent with the intent of SMCRA that States take the lead in regulatory programs, the vast majority of inspections were performed by the States: over 80,000 in 2004. In contrast, OSM conducted 1,669 inspections in primacy States.

The projected FY 2005 oversight inspection workload will be about the same as in FY 2004. The actual number will be adjusted depending on the program areas, the presence or absence of problems, input from the public, and the terms of the performance agreements in each State.

*e. Ten Day Notices*

The primary emphasis of inspections is to identify issues and resolve them before they become problems and to evaluate whether SMCRA's environmental protection and reclamation goals are being achieved. When a Federal inspection reveals violations of State programs (other than imminent danger of significant environmental harm or danger to the public, both of which require immediate issuance of a cessation order), a Ten-Day Notice (TDN) is issued to the State. All such notices require written responses from the State regarding the actions taken to resolve the alleged violations, or a statement of good cause for not taking such action. A Federal review, which may include a field inspection, is conducted following a TDN when the State does not act or show good cause for not doing so. If the review or inspection shows that a violation exists, and the State fails to take appropriate action, a Federal enforcement action may be taken. While OSM does not second-guess States on judgment calls, the agency's ability to take enforcement actions to address isolated State program violations is far less drastic, disruptive, and costly than a Federal takeover.

The inspection component also includes the process for addressing citizen requests for Federal inspection. Citizen requests received by OSM in primacy States are referred directly to the State regulatory authority using the TDN process, unless there is evidence that imminent danger of significant environmental harm or immediate danger to the public exists. In such cases, OSM will immediately conduct a Federal inspection. The

*Office of Surface Mining Reclamation and Enforcement*

State official and citizen requestor are notified prior to the inspection and given the opportunity to accompany the inspector when a Federal inspection is conducted.

Table 5 provides FY 2004 data on the number of State inspections and OSM oversight inspections conducted in primacy States. State data is for the time period of July 1, 2003 through June 30, 2004.

| <b>Table 5 – FY 2004 Primacy State and OSM Inspections</b> |                |                 |               |                      |
|--|----------------|-----------------|---------------|----------------------|
|  | <b>STATE</b>   |                 |               | <b>OSM<br/>TOTAL</b> |
|  | <b>PARTIAL</b> | <b>COMPLETE</b> | <b>TOTAL</b>  |                      |
| Alabama  | 282            | 2,480           | 2,762         | 84                   |
| Alaska   | 59             | 30              | 89            | 4                    |
| Arkansas   | 103            | 53              | 156           | 7                    |
| Colorado   | 319            | 195             | 514           | 16                   |
| Illinois   | 831            | 395             | 1,226         | 105                  |
| Indiana  | 1,343          | 673             | 2,016         | 75                   |
| Iowa   | 31             | 19              | 50            | 0                    |
| Kansas   | 89             | 48              | 137           | 4                    |
| Kentucky   | 14,680         | 7,858           | 22,538        | 301                  |
| Louisiana  | 16             | 8               | 24            | 2                    |
| Maryland   | 576            | 350             | 926           | 25                   |
| Mississippi  | 9              | 4               | 13            | 3                    |
| Missouri   | 97             | 20              | 117           | 63                   |
| Montana  | 106            | 94              | 200           | 4                    |
| New Mexico   | 125            | 50              | 175           | 4                    |
| North Dakota   | 548            | 148             | 696           | 9                    |
| Ohio   | 2,218          | 1,385           | 3,603         | 105                  |
| Oklahoma   | 394            | 312             | 706           | 34                   |
| Pennsylvania   | 10,996         | 7,531           | 18,527        | 461                  |
| Texas  | 242            | 120             | 362           | 15                   |
| Utah   | 192            | 115             | 307           | 10                   |
| Virginia   | 3,280          | 2,679           | 5,959         | 132                  |
| West Virginia  | 12,462         | 6,830           | 19,292        | 186                  |
| Wyoming  | 251            | 142             | 393           | 20                   |
| <b>Total</b>   | <b>49,249</b>  | <b>31,539</b>   | <b>80,788</b> | <b>1,669</b>         |

### **3. Federal Programs**

The \$5.7 million requested for Federal Programs supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment.

The permit review process in Federally administered programs consists of review of the permit application package for administrative completeness and technical adequacy, preparation of findings and supporting documentation, and conducting an environmental analysis. Review timeframes vary depending on the complexity of a permit application, the size of the mine, and the response times of applicants submitting additional information required to process the permit application.

Tennessee is the largest Federal program in terms of the number of permits. Other Federal programs with current or projected regulatory activity include Georgia and Washington, with the bulk of that activity in Washington. Programs also are in place for California, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, and South Dakota. The following bullets highlight key characteristics of two of the largest Federal programs, Tennessee and Washington:

- Tennessee: There are 135 active mine sites, 26 inactive sites, and 173 abandoned sites in Tennessee. Coal production has stabilized in recent years and is fluctuating around 3 million tons annually. While OSM has discussed the possible return of primacy to Tennessee with State officials on numerous occasions over the years, there continues to be no interest shown in assuming the program.
- Washington: There are two active surface coal mines regulated under the Washington Federal Program. The Centralia Mine, located about 25 miles southeast of Olympia, Washington produces approximately six million tons of coal annually and will affect some 8,100 acres of land within a 14,450-acre permit area during the 40-year life of the mine. The John Henry No. 1 Mine, covering 480 acres near the City of Black Diamond, only produces a small amount of bituminous coal annually.

In addition, effective August 22, 2003, OSM substituted Federal enforcement for major parts of the Missouri regulatory program because the State legislative did not fully fund the program for state fiscal year 2004. This has continued into FY 2005. The areas where we are the regulatory authority include inspection, enforcement, permitting, bonding, blasting, and designation of areas unsuitable for mining. The Missouri regulatory authority retained its responsibility for bond forfeiture activities, including associated administrative functions. At this time, it is uncertain whether Missouri will reassume authority for those parts of the program for which OSM substituted Federal enforcement.

Table 6 provides inspection and enforcement data for Federal program States during FY 2004.

| <b>Table 6 - FY 2004 Federal Program States Inspection / Violation Data</b> |                    |                |              |                   |                   |
|---|--------------------|----------------|--------------|-------------------|-------------------|
| <b>STATE</b>  | <b>INSPECTIONS</b> |                |              | <b>NOV'S</b>      | <b>FTA CO'S</b>   |
|   | <b>COMPLETE</b>    | <b>PARTIAL</b> | <b>TOTAL</b> | <b>VIOLATIONS</b> | <b>VIOLATIONS</b> |
| Georgia   | 3                  | 1              | 4            | 0                 | 0                 |
| Tennessee   | 917                | 932            | 1,849        | 65                | 0                 |
| Washington  | 9                  | 17             | 26           | 4                 | 0                 |
| Other *   | 87                 | 180            | 267          | 0                 | 0                 |
| <b>TOTALS</b>   | <b>1,016</b>       | <b>1,130</b>   | <b>2,146</b> | <b>69</b>         | <b>0</b>          |

\* Reflects inspections conducted by OSM staff in Missouri.

#### 4. Federal Lands Program

This program activity includes direct OSM regulatory activities on Federal lands in States without cooperative agreements, implementation of cooperative agreements with primacy States to regulate coal mining on Federal lands within their borders, preparation of mining plan decision documents under the Mineral Leasing Act, and processing valid existing rights claims that involve certain Federal Lands. The \$1.5 million requested for this activity supports the Department's Resource Use goal area by promoting responsible coal extraction using technology to minimize the impact of operations on people, structures, and the environment. As part of this program activity, OSM consults and coordinates with State Historic Preservation Offices, the U.S. Fish and Wildlife Service (FWS), Bureau of Land Management (BLM), U.S. Forest Service (USFS), National Park Service (NPS), the Environmental Protection Agency (EPA) and the Army Corp of Engineers (COE). The processing of mining plan decision documents constitutes the largest part of the workload under this program activity.

Table 7 provides projected mining plan decision document workload data.

| <b>Table 7- Projected Mining Plan Decision Document Workload on Leased Federal Coal, by Fiscal Year</b> |                |                |
|---|----------------|----------------|
| <b>Mining Plans and Modifications to Existing Mining Plans</b>  |                |                |
| <b>Activity</b>   | <b>FY 2004</b> | <b>FY 2005</b> |
| In progress prior FY  | 6              | 9              |
| Anticipated current FY  | 5              | 13             |
| Total FY Workload   | 11             | 22             |
| Completed in FY   | 2              | 12             |
| Balance, end of FY  | 9              | 10             |

Under this program activity, OSM also provides support to BLM and USFS in leasing activities that involve Federal coal resources. OSM's participation in NEPA compliance analyses prepared at the leasing stage ensures the consideration of OSM permitting or mine plan approval concerns. This cooperative effort saves mining companies valuable time in the leasing and mine plan approval process; it also may result in improved resource recovery. In addition, satisfactory evaluation of the environmental impacts of coal mining in the proposed lease area at the time of leasing can reduce the likelihood of the need for a subsequent Environmental Assessment (EA) or Environmental Impact Statement (EIS) for mining plan approval under SMCRA.

## **5. Indian Lands Program**

OSM is responsible for coal mining and reclamation activities on Indian lands. The Indian lands program includes permit application review, determination of performance bond amounts, inspection and enforcement, bond release, and maintaining a staff to coordinate with the individual Tribes and other Federal agencies, as necessary. The proposed budget provides \$2.4 million to fund the activities to promote responsible mineral extraction on Indian Lands to meet the Nation's energy needs.

The Crow, Hopi, and Ute Mountain Ute Tribes; and the Navajo Nation have coal-mining activities on their lands. The McKinley Mine and Navajo Mine are large surface mines on the Navajo Nation. The Black Mesa/Kayenta mining complex involves Navajo coal beneath Navajo surface, and coal jointly owned by the Navajo Nation and the Hopi Tribe – most of which is beneath Navajo surface and some of which is beneath Hopi surface. One surface mine in Montana mines coal owned by the Crow Tribe and a haul road supporting reclamation operations at a New Mexico mine crosses the Ute Mountain Ute Reservation. The Crow, Northern Cheyenne and Hopi Tribes, and the Navajo Nation are evaluating coal properties for future development. The Indian lands mines are among the largest in the United States, with a total of about 101,000 acres under permit.

OSM coordinates closely with Indian Tribes. The Federal trust responsibility is a legal obligation under which the United States has charged itself with moral obligations of the highest responsibility and trust toward Indian Tribes. OSM ensures that the lands and trust resources of Federally-recognized Tribes and their members are identified, conserved, and protected. In fulfilling these responsibilities, OSM operates within a government-to-government relationship with Indian Tribes. To aid in meeting trust responsibilities, OSM, BIA, BLM and MMS sponsor a continuing Indian Trust Responsibilities and Federal Obligations training program.

| <b>Table 8 - FY 2004 Indian Lands Inspection Data</b> |             |           |            |            |
|---|-------------|-----------|------------|------------|
| TRIBE   | INSPECTIONS |           |            | NOV'S      |
|   | COMPLETE    | PARTIAL   | TOTAL      | VIOLATIONS |
| Crow Tribe  | 2           | 8         | 10         | 0          |
| Hopi Tribe  | 8           | 4         | 12         | 0          |
| Navajo Nation   | 60          | 50        | 110        | 9          |
| Ute Tribe   | 3           | 8         | 11         | 0          |
| <b>TOTALS</b>   | <b>73</b>   | <b>70</b> | <b>143</b> | <b>9</b>   |

| <b>Table 9-Projected Permit and Permit Revision Workload where OSM is the Regulatory Authority, by Fiscal Year</b> |  |         |              |         |
|--|--|---------|--------------|---------|
| Activity   | Federal Programs<br>(Non-Primacy States) |         | Indian Lands |         |
|  | FY 2004                                  | FY 2005 | FY 2004      | FY 2005 |
| In progress previous FY  | 109                                      | 98      | 50           | 57      |
| Anticipated current FY   | 87                                       | 131     | 88           | 85      |
| Total FY workload  | 196                                      | 229     | 138          | 142     |
| Completed in FY  | 98                                       | 135     | 81           | 85      |
| Balance, end of FY   | 98                                       | 94      | 57           | 57      |

## 6. Program Development and Maintenance

Work elements under this program are primarily related to policy actions, such as rulemaking, grants management and special studies that support the other program activities in the environmental protection business line. The budget proposal provides \$4.6 million to support the Department's Resource Use goal.

### a. *Rulemaking*

OSM issues Federal rules and prepares the associated information collection clearance packages. Functions under this program activity include rule development and preparation of environmental assessments, environmental impact statements, records of compliance, and economic analyses for all rules prepared by OSM. OSM also maintains

the administrative record for rules and coordinates rule publication with the Office of the Federal Register.

Rulemaking Associated with State Programs: OSM assists States with development, administration, implementation, and maintenance of their approved regulatory programs. Decisions affecting State programs are Federal rulemaking actions. OSM evaluates State-initiated program changes (statutory, regulatory, or changes in the program’s provisions, scope, or objectives), as well as OSM required modifications that are a result of legal interpretations or changes to SMCRA and Federal Regulations. In its evaluation, OSM solicits public comments through proposed rules published in the Federal Register, holds public meetings, maintains the administrative record, approves or does not approve proposed State program amendments, and publishes the decisions as final rules in the Federal Register. During FY 2004, OSM published 26 proposed rules and 24 final rules for State programs.

States may be required to amend their programs as a result of changes to SMCRA and Federal regulations. Under the authority of section 521(b) of SMCRA, OSM recommends withdrawal, in whole or in part, of an approved State program if it finds - after conducting hearings, establishing remedial actions, monitoring compliance, evaluating performance, and implementing the rulemakings associated with such withdrawal - that a State is failing to enforce its approved program. OSM also responds to requests under section 521 (b) to third-party requests to evaluate a State’s program.

When a State program amendment is required, OSM notifies the State of the required change and reviews the State submission and either approves or does not approve the proposed change. This activity represents a significant workload for OSM staff. During FY 2004, the State Amendment activity was identified as follows:

| <b>Table 10– FY 2004 State Program Amendment Activity</b> |                             |                         |                          |                               |
|---|-----------------------------|-------------------------|--------------------------|-------------------------------|
| <i>Number of Amendments</i>                               |                             |                         |                          |                               |
| <b>Amendment Type</b>                                     | <b>Pending Oct. 1, 2003</b> | <b>Received FY 2004</b> | <b>Completed FY 2004</b> | <b>Pending Sept. 30, 2004</b> |
| Informal  | 2                           | 9                       | 9                        | 2                             |
| Formal  | 26                          | 19                      | 27                       | 18                            |
| <b>Total</b>  | 28                          | 28                      | 36                       | 20                            |

OSM Rulemaking Initiatives: Before developing a formal proposed rule, OSM involves interested parties. Stakeholder participation results in improved regulatory proposals. During FY 2004, OSM published two final permanent program rules in the Federal Register, Enhancing Abandoned Mine Land Reclamation Notices (November 20, 2003), and the Combined Benefit Fund Rule (September 17, 2004).

Key rulemaking initiatives for which OSM anticipates activity in FY 2005 are described below.

- *Financial Assurances – Treatment of Pollutational Discharges:* During FY 2002, OSM published an advance notice of proposed rulemaking in the Federal Register seeking comment on issues related to bonding and financial mechanisms for the long-term treatment of acid mine drainage associated with coal mining. Comments were received from citizens, citizens' groups, states, coal and surety industries, associations, and other Federal agencies. OSM plans to propose rules during FY 2005 to address this important issue.
- *Revisions to the State Program Amendment Process:* Under OSM's existing regulations, the Director is required to begin proceedings under Part 733 to substitute Federal enforcement when a State fails to submit a required program amendment or a description of the amendment and a timetable for enactment or fails to comply with the timetable. This rulemaking would provide OSM with the discretion to consider the overall performance of a State and the impact a delinquent amendment will have on State implementation and enforcement before deciding that Federal enforcement is required when the State fails to amend its program. A proposed rule was published on December 23, 2003. OSM plans to publish a final rule in FY 2005.
- *Ownership and Control Rule:* Based on settlement negotiations with the National Mining Association, OSM was required by the court to issue proposed revisions to the Ownership and Control final rule published in December 2000. The proposed revisions include simplifying the definition of control, reducing unnecessary reporting burdens, making permit application information requirements more concrete and objective, and making certain enforcement actions discretionary rather than mandatory. OSM published the proposed rule on December 29, 2003, and plans to publish the final rule during FY 2005. During FY 2005, OSM will also focus on implementation of the final "Ownership and Control" rule and related regulations by providing assistance to the States, in the form of training, program review, and implementation strategies.
- *Excess Spoil, Stream Buffer Zones and Diversions:* OSM published a proposed rule in January 2004 and expects to finalize it in FY 2005. This rule would address the environmental impacts of mining that involve creation of excess spoil fills, particularly fills placed in streams. The rule would: (1) minimize the adverse environmental effects stemming from the construction of excess spoil fills, (2) clarify the circumstances in which mining activities, such as the construction of excess spoil fills, may be allowed within the stream buffer zone (SBZ), i.e., within 100 feet of a perennial or intermittent stream, and (3) amend our stream diversion regulation to comport with the

proposed changes to the SBZ rule. By these changes, we intend to clarify our program requirements and reduce the regulatory uncertainty concerning these matters. These changes will also reduce conflicts and improve consistency between regulation under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) and regulation under the Clean Water Act (CWA).

- *Revegetation:* Based on an outreach initiative conducted in previous years, OSM plans to propose minor revisions to its existing revegetation regulations in FY 2005. The proposed changes would improve the quality of reclamation achieved under SMCRA and achieve a more consistent application of those requirements to both arid and humid areas of the country. The changes are intended to facilitate the establishment and maintenance of diverse plant communities on reclaimed mine lands; to ensure the regulations are not an impediment to reforestation of mine lands and facilitates the evaluation of woody shrub communities in the West; and make the measurement of revegetation success in both the arid and humid areas of the United States more similar. This rulemaking activity will likely be completed in FY 2005.
- *Abandoned Coal Refuse Sites:* The Energy Policy Act of 1992 requires the Secretary to develop new regulatory standards and a new permitting system, if appropriate, to facilitate the removal and on-site reprocessing of abandoned coal refuse piles, provided the Secretary determines through a standard-by-standard basis that a different standard would provide the same level of environmental protection as afforded by sections 515 and 516 of SMCRA. The proposed rule would conform with the standards in sections 515 and 516 of SMCRA. OSM expects to propose the rule in FY 2005 and finalize it in FY 2006.
- *Transfer, Assignment, or Sale of Permit Rights:* Under the terms of a court-approved settlement resulting from litigation, OSM proposed regulatory amendments pertaining to the transfer, assignment, or sale of permit rights in FY 2005. The proposed rule would amend the definitions of “successor in interest” and “transfer, assignment, or sale of transfer, assignment, or sale of permit rights and create new and separate rules for successors in interest. The primary purpose of the proposed rule is to distinguish clearly the circumstances that will constitute a transfer, assignment, or sale of permit rights (requiring a regulatory authority’s approval and, at a minimum, a permit revision) or result in a successor in interest (requiring the issuance of a new permit) from those that will only require a permit to provide information updates. The proposed rule also affords us an opportunity to ensure our rules are consistent with recent legal developments.
- *Coal Production Fees and Fee Allocation:* In FY 2004, OSM proposed a rule that sets forth the criteria and procedures that OSM proposes to use to establish fees under the abandoned mine reclamation program provisions of SMCRA. The fixed-rated fees established under SMCRA expire on June 30,

2005. However, SMCRA requires that, for coal produced after that date, fees be established to continue to provide for transfers from the Abandoned Mine Reclamation Fund to the Combined Benefit Fund. This proposed rule would implement the requirement. The proposed rule would also revise OSM's regulations governing the allocation and disposition of the fees collected and of other AML Fund income. OSM intends to publish a final rule and have it effective by June 30, 2005.

*b. Grants Management*

OSM supports and participates in the Department of the Interior's (DOI) grants simplification efforts based on Public Law 106-107, the Administration's e-Government initiative, and Health and Human Services' e-grants program (Grants.gov). DOI is currently working on a new agency-wide accounting system, Financial and Business Management System (FBMS). OSM will be one of the first bureaus within the Department to implement the system by converting OSM's current financial assistance program during FY 2005. The use of electronic grants will simplify and expedite the application process for the States and Tribes. OSM has a cooperative working relationship with our grantees, working for a streamlined application and awards process, faster obligation of Federal funds, innovative program monitoring, less paperwork, and intensive reporting and close-out of grants.

*c. Special Projects*

OSM special projects include interpretation of SMCRA, reports to Congress, legislative analysis, and assistance in response to litigation. OSM also conducts studies and analyses in response to Departmental initiatives and coordinates with other Bureaus and Federal agencies, including the Fish and Wildlife Service (Endangered Species Act), Advisory Council on Historic Preservation (National Historic Preservation Act), EPA (Clean Water Act), Corps of Engineers (section 404 permits), and Mine Safety and Health Administration, and the Small Business Administration (Small Business Regulatory Enforcement Fairness Act) all of whose activities can affect the surface coal mining regulatory program.

**FY 2004 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2004, the major accomplishments in the Environmental Protection program activity include:

- Issued about 342 new coal mining permits, in cooperation with state authorities, in 16 States.
- Performed approximately 34,297 complete mine inspections and 50,449 partial inspections, in cooperation with state authorities, to insure coal mines are operated safely and in accordance with environmental laws. (Figures include State and Federal inspections, and may include estimates for some States.)

**FY 2005 PLANNED PROGRAM PERFORMANCE**

Achieve the following performance measures:

- Ninety-three percent of active sites are free of off-site impacts.
- Seventy thousand acres where reclamation goals are achieved as evidence by release from Phase III Performance Bonds.
- One hundred thousand acres released from Phase I & II Performance Bonds.

The number of acres that meet the requirements for Phase I or II bond release and the number of acres of mined land that are fully reclaimed and achieve Phase III bond release will determine the overall status of reclamation of mined lands. Data collected will be derived from agency program systems and the performance agreement elements negotiated with the States. Data collection methods are established in accordance with an agency policy directive, which was developed in cooperation with the States.

**JUSTIFICATION OF 2006 PROGRAM CHANGES**

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| Environmental Protection | FY 2006 Budget Request | Program Changes (+/-) |
|--------------------------|------------------------|-----------------------|
| \$(000)                  | 79,566                 | -694                  |
| FTE                      | 205                    | 0                     |

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Program Changes:

Federal Programs (+\$405,000) – OSM proposes an increase to support additional work activities under this Program.

Coal Study (-\$986,000) – In FY 2005, Congress provided OSM funding (\$1.0 million, less two rescissions) to contract with the National Research Council of the National Academy of Sciences to carry out a twenty-four month study on coal research, technology and policy matters. The funding was only for FY 2005, and therefore is considered a reduction in FY 2006 from the FY 2005 enacted budget.

Information Technology (-\$104,000) – Represents overall Bureau savings from FY 2005 to FY 2006 in IT investments.

Federal Vehicle Fleet (-\$9,000) - In 2004, the Department began a collaborative initiative to improve fleet management, developed a strategic plan, and began to implement recommendations from a review of the program conducted by the Office of Inspector General. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and vehicles that have surpassed their lifecycle, use of fleet performance measures, energy-saving practices and expanded use of alternate-fueled vehicles, and expanded leasing. The Department-wide strategy for improved fleet management includes migrating fleet management programs to a more standardized operational model that promotes energy-saving technologies, the development of fleet composition baselines and multi-year plans, improved performance metrics that address efficiency and effectiveness, vehicle and motor pool sharing, and purchase and lease arrangements that consider seasonal workforces.

On an annual basis, Interior spends over \$160 million to operate and maintain its fleet of approximately 38,000 vehicles. Interior's improvement plan provides a goal for reduction to fleet expenditures of \$11 million in 2005 and an additional \$3.7 million in 2006. The reduction is OSM's share of the improvement plan for FY 2006.

**FY 2006 ENVIRONMENTAL PROTECTION PROGRAM PERFORMANCE**

| <b>Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value</b>  |                       |                     |                       |                                   |                             |                     |  |                                |
|---|-----------------------|---------------------|-----------------------|-----------------------------------|-----------------------------|---------------------|--|--------------------------------|
| <b>Measures:</b>  | <b>FY 2003 Actual</b> | <b>FY 2004 Plan</b> | <b>FY 2004 Actual</b> | <b>FY 2005 President's Budget</b> | <b>FY 2005 Revised Plan</b> | <b>FY 2006 Plan</b> | <b>Change in Performance 2005 Plan to 2006</b> | <b>Long-term Target (2008)</b> |
| Percent of active sites that are free of off-site impacts. <u>1/</u> (SP) (PART)  | 92.3%                 | 93%                 | 93%*                  | 93%                               | 93%                         | 93%                 | 0  | 93%                            |
| Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. <u>1/</u> <u>2/</u> (SP) (PART)  | 48,528                | 70,000              | 49,054*               | 70,000                            | 70,000                      | 70,000              | 0  | 70,000                         |
| Number of acres released from Phase I & II Performance Bonds. <u>1/</u> (BUR)   | 106,197               | 100,000             | 90,040                | 100,000                           | 100,000                     | 100,000             | 0  | 100,000                        |
| <p><u>1/</u> OSM collects information through various information systems and from various States and Tribes participating in OSM programs. The information is considered reliable for indicating performance trends and being the basis for decision making. <u>2/</u> Targets to be revised to reflect better baseline data.</p> <p>*Estimated data: State regulatory authorities provided data for the time period July 1, 2003, to June 30, 2004, to accommodate the accelerated publishing requirements of the OSM Annual Report. Federal program data submitted for the federal fiscal year.</p> <p>SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM = Proposed PART Measure; BUR = Bureau Measure</p> |                       |                     |                       |                                   |                             |                     |  |                                |

**TECHNOLOGY DEVELOPMENT AND TRANSFER**

(dollars in thousands)

|                               |        | 2004<br>Actual | 2005<br>Estimate | Uncontroll.<br>& Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2006<br>Budget<br>Request | Change<br>from 2005<br>(+/-) |
|-------------------------------|--------|----------------|------------------|--|-----------------------------|---------------------------|------------------------------|
| Regulation<br>&<br>Technology | \$\$\$ | 12,592         | 13,300           | 258  | 1,568                       | 15,126                    | +1,826                       |
|                               | FTE    | 104            | 115              | 0  | 0                           | 115                       | 0                            |
| Abandoned<br>Mine Land        | \$\$\$ | 4,133          | 4,479            | 54   | -611                        | 3,922                     | -557                         |
|                               | FTE    | 17             | 21               | 0  | 0                           | 21                        | 0                            |
| TOTAL                         | \$\$\$ | 16,725         | 17,779           | 312  | 957                         | 19,048                    | +1,269                       |
|                               | FTE    | 121            | 136              | 0  | 0                           | 136                       | 0                            |

The Technology Development and Transfer business line (program activity) provides resources for technical assistance, training, technology development and technology transfer program sub-activities. This program activity supports and enhances the technical skills that States and Tribes need to operate their regulatory and reclamation programs in order to effectively implement SMCRA. Thus, this program activity is an integral component and supports accomplishment of OSM's Environmental Restoration and Environmental Protection business lines goals.

Through support of OSM's restoration and protection goals TDT funds support two of the Departmental Strategic plan mission quadrants (Resource Use and Resource Protection) and implements the Secretary's 4C's - Communication, Consultation, and Cooperation, all in the service of Conservation. TDT is a nation-wide program that provides resources to States and Tribes that meet their specific technical and training needs in carrying out the requirements of the SMCRA.

In 2006, OSM will continue to expand the use of Technical Innovation and Professional Services (TIPS) in technical decision-making processes related to SMCRA; address the remediation of acid mine drainage through participation in the Acid Drainage Technology Initiative; finalize changes and focus on implementation of the final "Ownership and Control" rule; and provide training and technical assistance to meet identified needs of States and Tribes. Also, OSM's technology transfer program will continue its support for electronic permitting and mobile computing efforts, by sponsoring interactive technical forums and related workshops. In addition, OSM will continue to provide regional technical service, libraries, and more efficient access to COALEX (a computer-assisted library search service).

**Operational Process (Program Activities):** The Technology Development and Transfer program activities enhance the technical skills that States and Tribes need to operate their regulatory and reclamation programs in order to more effectively implement SMCRA. These program activities are an integral part of accomplishing Environmental Restoration and Environmental Protection to achieve OSM's goals and outcomes.

OSM provides technical training to OSM staff, and States and Tribes on a variety of topics. New technologies, changes in regulations, and staff turnover necessitate the need for continued technical training. To solve problems related to the environmental effects of coal mining, OSM provides multi-disciplinary technical assistance and works with industry, States, Tribes and the public on technical issues arising from new regulations. Other technical assistance efforts include the Technical Innovation and Professional Services (TIPS), the Applicant Violator System (AVS), and Electronic Permitting (EP). OSM also established an intergovernmental team, the National Technology Transfer Team (NTTT) to provide direction, communication and coordination of efforts related to technology transfer and development. This team is a permanent entity and will continue throughout FY 2006. Technology transfer is a major part of OSM's cooperative effort with States and Tribes.

***TECHNOLOGY DEVELOPMENT & TRANSFER***  
***ENCOMPASSES:***  
*Technology Development*  
*Technology Transfer*  
*Technical Training*  
*Electronic Permitting (EP)*  
*Technical Innovation and Professional Services (TIPS)*  
*Applicant Violator System (AVS)*

The outcome of TDT program performance is ultimately measured by the success of the Surface Mining program in carrying out the environmental restoration and protection missions. In addition, performance for the business line is measured through the number of staff technically trained (including knowledge and skills taught and applied), the utilization of automated technologies (such as TIPS), and the quality and timeliness of technical assistance provided by OSM, determined via evaluations and customer service surveys.

**Actions Required to Achieve Annual Goals:** In FY 2006, OSM plans to increase its efforts in this business line. For example, as responses are received from the customer surveys, the activities within the business lines will be evaluated to identify any needed improvements or changes. Also, the National Technical Training Program (NTTP), TIPS, the Mine Map Repository, and AVS will increase access to users by continuing to provide material on the Internet and supporting the administration's e-government initiative. In addition, the newly established National Technology Transfer Team will

provide direction, communication and coordination efforts related to technical issues and studies.

**Resources, Skills, and Technology Needed:** A goal for FY 2006 is to continue ensuring that States, Tribes, and OSM have the best available technical data and information needed to make good science-based decisions regarding mining plans, reclamation project design, permit reviews, and acid mine drainage remediation and prevention. To successfully implement the surface mining regulatory and reclamation programs, OSM, as well as the States and Tribes, must maintain multi-disciplinary staffs that are fully competent in addressing a wide variety of technical issues that impact these programs.

In addition, activities under TDT were reviewed under the FY 2006 Program Assessment Rating Tool (PART) in support of the Federal Regulatory and Abandoned Mine Land Program. One of the recommendations from the PART is to “Target funds in the FY 2006 Budget to increase the technical capacity of OSM staff and inspectors.” The increase in funds for our TIPS and technical training programs are in support of this recommendation.

The total request for this business line is \$19.0 million. The FY 2006 President’s Budget requests \$12.4 million for Technical Assistance (including the Applicant Violator System); \$3.4 million for Technical Training; and \$3.2 million for Technology Transfer efforts are allocated to meet the annual goals set forth above.

Included in the FY 2006 President’s budget request for Technology Transfer program activity is \$200,000 for the Acid Drainage Technology Initiative (ADTI), an ongoing effort of OSM, State and other Federal agencies, academic, and industry as part of the Clean Streams Program. The objectives of the ADTI are to compile, assess, and document the “best-science” technology solutions to acid mine drainage (AMD) reclamation problems as well as to refine the most effective methods for accurate AMD prediction.

The following section details, by program activity, the funding and FTE resources required to meet our customer satisfaction performance measures. It also includes examples of the types of technical training, assistance efforts, and transfer provided by this business line.

Office of Surface Mining Reclamation and Enforcement

**Table 11– Justification of Program and Performance  
Technology Development and Transfer**  
Summary Increases/Decreases for FY 2006  
(Dollars in Thousands)

| Program Activity     |        | Regulation & Technology |                  |                 | Abandoned Mine Lands |                  |                 | Total          |                  |                 | Inc/Dec |
|----------------------|--------|-------------------------|------------------|-----------------|----------------------|------------------|-----------------|----------------|------------------|-----------------|---------|
|                      |        | 2004<br>Actual          | 2005<br>Estimate | 2006<br>Request | 2004<br>Actual       | 2005<br>Estimate | 2006<br>Request | 2004<br>Actual | 2005<br>Estimate | 2006<br>Request |         |
| Technical Assistance | \$\$\$ | 8,978                   | 9,423            | 10,851          | 2,328                | 2,302            | 1,546           | 11,306         | 11,725           | 12,397          | +672    |
|                      | FTE    | 70                      | 74               | 74              | 5                    | 9                | 9               | 75             | 83               | 83              | 0       |
| Training             | \$\$\$ | 1,984                   | 2,240            | 2,600           | 243                  | 625              | 815             | 2,227          | 2,865            | 3,415           | +550    |
|                      | FTE    | 17                      | 20               | 20              | 5                    | 7                | 7               | 22             | 27               | 27              | 0       |
| Technology Transfer  | \$\$\$ | 1,630                   | 1,637            | 1,675           | 1,562                | 1,552            | 1,561           | 3,192          | 3,189            | 3,236           | +47     |
|                      | FTE    | 17                      | 21               | 21              | 7                    | 5                | 5               | 24             | 26               | 26              | 0       |
| TOTAL                | \$\$\$ | 12,592                  | 13,300           | 15,126          | 4,133                | 4,479            | 3,922           | 16,725         | 17,779           | 19,048          | +1,269  |
|                      | FTE    | 104                     | 115              | 115             | 17                   | 21               | 21              | 121            | 136              | 136             | 0       |

## **ONGOING PROGRAM**

The following program activities support OSM's goal to strengthen the capabilities of the States, Tribes, and OSM staff to implement SMCRA effectively through quality technical and scientific information, expertise, and training. Skill and knowledge enhancement is critical to the continued success of the Surface Mining program and accomplishment of the Department's Resource Protection and Resource Use goals.

OSM's stakeholders (States, Tribes, and industry) continue to express support for Technology Development and Transfer efforts and encourage OSM to provide the types of technical support needed to effectively and efficiently meet SMCRA, the National Environmental Policy Act, and other environmental and safety laws. Cost-effective compliance will help industry remain competitive with other energy sources. Helping industry achieve up-front compliance will reduce the need for additional regulatory resources. The TDT program area described in the following pages represents those activities where OSM staff provides direct technical support and ongoing efforts in other business lines.

### **1. Technical Assistance**

This program activity provides assistance to State regulatory and reclamation staff, and to the OSM staff that review and monitor State programs, develop rules or policy, litigate SMCRA challenges or enforcement actions, or maintain other technical support infrastructure like TIPS, AVS, and technical training programs. Technical activities such as permit review, citizen complaint evaluation, and cumulative hydrologic impact assessment take place where OSM is the regulatory authority. Of the \$12.4 million requested, \$1.0 million support OSM's Environmental Restoration and \$11.4 million supports OSM's Environmental Protection mission goals.

Technical assistance also is provided for AML project design and monitoring where OSM is responsible for AML emergency and priority projects. These types of endeavors are integral parts of the Environmental Protection and Restoration business lines and are not included in the TDT program activity.

OSM intends to meet a 94 percent customer service rate for its technical assistance efforts in FY 2006. Customer surveys are used to document the responsiveness of OSM's technical assistance to its customers in a timely and professional manner. By meeting the technical assistance needs, OSM can help effectively achieve OSM's Environmental Restoration and Environmental Protection mission goals.

#### *a. Technical Policy Assistance*

OSM specialists provide technical assistance to State and OSM regulatory and reclamation policy staff. The areas of assistance include rulemaking; citizen complaint investigations regarding the mining-relatedness of offsite impacts; guideline development; State program amendments; State mining permit evaluation; AML problem

evaluation; blasting policy; prime farmland reclamation standards; coal combustion by-product placement; reclamation bonding sufficiency and bond release; threatened and endangered species; land unsuitability determinations; participation as technical experts on interagency committees; acid mine drainage (AMD) prevention and remediation; stream and underground mine flooding; mountaintop mining and valley fills; permit findings; re-mining; impoundment stability; subsidence caused by underground mining; and assistance in fostering tribal primacy by helping tribes develop technical capabilities.

Projected activities for FY 2005 include:

- Mountaintop Mining and Valley Fills: (MTM/VF) OSM, the Fish and Wildlife Service (FWS), Environmental Protection Agency (EPA), Corps of Engineers (COE), and West Virginia Department of Environmental Protection (WVDEP) released a comprehensive draft programmatic EIS on possible future actions to further minimize the environmental effects of MTM/VF. The agencies continue to review and address over 83,000 public comments and are targeting publishing a final EIS and Record of Decision in late FY 2006 to mid-FY 2007. Thereafter, the agencies will begin the process to effect new policies, guidelines, and coordinated decision making procedures consistent with the Record of Decision. In the interim, OSM will continue to work to ensure appropriate coordination among the various State and Federal agencies responsible for approval of surface coal mining operations, particularly under Section 404 of the Clean Water Act.
- Impoundment Leaks into Underground Mine Workings: During the coal preparation process waste rock is separated from the coal. The larger, coarse fragments of coal waste (typically shale) are used to construct an embankment or dam, which impounds the fine coal waste fraction in slurry (i.e., mixed with water). In heavily mined areas, many of these impoundments must be constructed over active or abandoned underground coal mine workings.

Since 1994, there were six reported unplanned discharges into underground mine workings from overlying impoundments. Four of these breakthroughs caused pollutional discharges to streams in Virginia, West Virginia, and Kentucky. The latest breakthrough occurred in October 2000 in Martin County, Kentucky, where more than 300 million gallons of coal waste slurry and “black water” entered underground mines through subsidence cracks, exiting two mine portals in two different watersheds.

In FY 2005 and 2006, OSM, the States, and MSHA will continue to assess whether revisions to existing engineering practices are necessary as follow through from impoundment investigations and the National Academy of Sciences study of technical issues related to impoundments above underground mines. OSM and MSHA will continue cooperating with the states to address technical issues related to underground mining and surface facilities.

- Blasting: The use of explosives is an integral part of most surface coal mining. Overburden must be broken, often through the use of explosives, before it can be removed to expose the coal for mining. Citizens living near a mine sometimes express concern about the vibrations, noise, and flyrock resulting from blasting. SMCRA and OSM's regulations contain requirements limiting the energy of blasts to protect the public and property from damage caused by blasting.

Many States, including Pennsylvania, Ohio, Alabama, Missouri, Oklahoma, and Kentucky frequently ask for OSM help in evaluating damage complaints, reviewing blasting plans, or setting vibration limits to ensure the prevention of damage to property. OSM helps the States measure damage potential through field's studies and set protective limits on unique structures such as historic buildings, mobile homes, hospitals, water towers, and log homes. OSM is also providing specialized training for West Virginia in the use of a computerized blasting evaluation program developed by OSM staff. The program is called the "Blast Log Evaluation Program". This program has been made available for free download from the TIPS website.

During 2005, OSM will continue to evaluate data specific to unique structures (e.g. Navajo hogans) to determine amplification factors and damage potential from ground vibration and air blast. This information also will generate data that will be used to evaluate the effect of ground vibrations from large cast blasting operations on water wells less than 100 feet deep.

OSM will publish a revised Blasting Guidance Manual during FY 2005 in concert with the States and the technology transfer program. The manual will provide updated technical information on blasting technology, monitoring, complaint investigation, and enforcement investigations and should ultimately lead to reductions in blasting risk and complaints.

OSM is also revising the Federal Blasters Certification Test questions so as to be more relative to the current blasting technology. The new questions will provide the agency with assurance that the applicants have sufficient knowledge of state of the art blasting techniques.

- Designating Areas Unsuitable for Surface Coal Mining: Section 522 of SMCRA (Designating Areas Unsuitable for Surface Coal Mining) establishes a process by which the public may petition the regulatory authority to limit or prohibit all or certain types of surface coal mining operations on non-Federal lands to protect certain features or environmental values. OSM receives and processes these petitions for all lands for which it is the regulatory authority. The decision-making process includes preparation of an environmental impact statement and a takings implication assessment.

OSM also is responsible for making valid existing rights determinations under section 522 (e) for all Federal lands and all lands for which OSM is the regulatory

authority. Section 522 (e) prohibits or limits surface coal mining operating within certain areas, subject to valid existing rights.

Both unsuitability determinations and valid existing rights determinations require substantial technical and programmatic resources. They also involve litigation support if a takings claim is subsequently filed against the Federal Government.

- EPA Rulemaking on Coal Combustion By-Products (CCBs): OSM continues to work with EPA on reviewing and analyzing information related to EPA's intended drafting of a proposed rule concerning the placement of CCBs at mine sites. This rulemaking is currently scheduled for 2007. During FY 2005, in response to a request from Congress, the National Academies of Science (NAS) will be conducting a study that will examine the health, safety and environmental risks associated with using coal combustion by-products for reclamation in active and abandoned coal mines in all major coal regions. A review committee from NAS will focus its efforts on coal combustion by-products from utility power plants and independent power producers rather than from small businesses, industries and institutions. The study will determine whether CCBs were placed and disposed of in coal mines with inadequate safeguards and whether this activity is degrading water supplies in coal mines in contravention of SMCRA. At its first meeting with the committee, OSM provided a SMCRA perspective and copies of all of the OSM publications, regulations, and Website materials on the subject. OSM will continue to assist the NAS by providing technical support at each of the four site visits during 2005 to the States of New Mexico, Texas, Indiana and Pennsylvania.
- Acid Mine Drainage (AMD): Surface and underground coal mining activities expose iron sulfide minerals in rock to weathering. The interaction of these rocks/minerals with air and water can result in acid mine drainage, which is the number one water quality problem in Appalachia and to a lesser, but still serious, extent in other coal and hard rock mining regions. OSM technical staff resources are focused on advancing and applying the best science to remediate AMD from abandoned pre-SMCRA mines and to prevent active mines from contributing additional new sources of AMD.

During FY 2005 and 2006, OSM will continue to participate in the Acid Drainage Technology Initiative (ADTI). ADTI is a collaborative effort among federal agencies, industry, the states, academia, and the National Mine Land Reclamation Center (NMLRC) to promote communication and technology enhancement in the field of acid mine drainage. The main goals of ADTI are to identify, evaluate and develop "best science" practices to prevent acid mine drainage and to describe, for existing sources of acid mine drainage, the best technology for avoidance/remediation practices.

OSM staff contributed significantly to the ADTI Coal Mining Sector's efforts to address the goals of prediction of potential sources of acid mine drainage, as well

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as avoidance or remediation of existing sources of acid mine drainage associated with coal mining. Ongoing projects that OSM is sponsoring in FY 2005 include:

- Continued assistance in evaluating acid mine drainage producing sites, water quality, treatment designs and system evaluations and follow up monitoring of the performance of passive treatment systems installed under the Appalachian Clean Streams Program. This effort will include the analysis and summation of site evaluations of passive treatment systems constructed in recent years in order to classify the degree of treatment success or failure of the system. This information will then be used to develop decision-making criteria to guide in determining best-use practices for future passive treatment installations.
- Examined long-term trends in AMD production from several types of underground coal mines to follow up on earlier work that suggested significant declines in AMD production over a 30 year period measured during a prolonged dry period. The current effort will evaluate whether the same trends are seen after a prolonged wet period, as well as study the mine water chemistry at both successful and unsuccessful passive treatment systems to identify the underlying site and construction factors.
- Continued support for the development of standardized kinetic test procedures for evaluating coal-mine related acid mine drainage potential by more realistically simulating the chemical conditions under which acid mine drainage forms.
- Continued work to identify geologic sources of selenium associated with coal mines, understand and predict the chemistry governing the mobilization of selenium into coal mine discharges, and identify effective methods to predict, prevent and mitigate the offsite discharge of selenium-contaminated discharges.

During FY 2005, OSM worked with other ADTI partners to develop and begin implementation of a five-year roadmap for future activities, with implementation to begin during FY 2005. The roadmap will continually be refined during FY 2005 and 2006.

Mine Mapping. Technical studies initiative for FY 2005-2006 will also include work on underground mine mapping. Mine maps have been created for centuries by miners, mine engineers and surveyors for use in mine planning and management decisions. Maps can provide information today for use by mine engineers, community planners, developers and regulators when making decisions on land use, development, property purchase, and environmental protection. Also see discussion under the Mine Map Repository in section c.

*b. Site-Specific Technical Assistance*

OSM specialists assist in the technical aspects of compliance monitoring (including inspection and enforcement assistance), experimental practice reviews, reclamation cost estimate calculation, bond release application reviews, bond approval reviews, bond forfeiture reclamation designs, land unsuitability determinations, surveying, revegetation, geologic sampling, AML designs, subsidence and AMD abatement, and any technical assistance on citizen complaints and ten-day notices. Site-specific technical assistance varies from year to year and we cannot predict what specific types of assistance will be needed in FY 2006. Below are examples of the types of assistance provided to States and Tribes.

- Full-cost Bonding: At the request of the Pennsylvania Department of Environmental Protection (PADEP), 100,000 acres of the southern Anthracite field was mapped using color aerial photography in support of the full-cost bonding program. One-foot pixel orthoimagery and 5-foot contours were delivered to the Pottsville office of the PA-DEP to support this work, along with TIPS hardware and software to support the volumetric analysis. Several bond amounts were changed as a result of the work. This project demonstrated that the technology works and other OSM customers will demand access to the method. Therefore, similar projects are expected through 2005. Aerial photography can be very costly, but the savings realized in setting correct bond amounts outweighs the cost.
- Hydrologic Balance Issues from Underground Mining: Over a century of extensive underground coal mining in Pennsylvania and West Virginia left miles of interconnected, flooded workings that we call “mine pools.” The water level in these mine pools may rise and overflow into streams. The pools could also potentially create a mine “blowout.” Rapid and sometimes catastrophic discharges of large amounts of stored mine water may occur in either case. The mine pools may present dangers to life, property, and surface stream water quality.

The Fairmont Mine Pool extends for more than 27,000 acres, encompassing several pre-and post- SMCRA mines. These mines have filled with acidic water and threaten to discharge into the Monongahela River. EPA Region III, OSM, and West Virginia are cooperating on studies to delineate the extent of these pools, identify discharge points, and, ultimately develop strategies to prevent degradation of streams from potential discharges. During FY 1998, OSM installed a monitoring network of boreholes to assess the fluctuating pool levels and allow modeling of the hydrology of the pool. In FY 2002, OSM extended the monitoring network to other mined-out areas. Three new monitoring wells were drilled in the mine pool in FY 2003 to allow more comprehensive data collection. This study will assist Pennsylvania, West Virginia, other States, OSM, and EPA by serving as a model approach for evaluating possible solutions to protect the hydrologic balance from future “Fairmont Pools.” In FY 2004 OSM hosted an intergovernmental/interagency workshop to evaluate all research and monitoring

efforts to date in an effort to partner together on solutions and next steps to address this issue.

OSM and the States plan to explore the feasibility of developing a computer application that will model existing underground mine pools and predict potential flooding rates and discharge locations/amounts. If the application is deemed feasible, OSM will undertake development of this product in FY 2005.

- Bond Approval and Administration: To ensure that bonds are sufficient to reclaim forfeited sites on permits situated on lands for which OSM has or shares regulatory authority responsibilities, OSM calculates bond amounts using engineering and science-based reclamation cost estimates. OSM also evaluates bond mechanisms posted with OSM to ensure legal, financial, and regulatory requirements are met. OSM provides technical assistance and training on bonding activities, including the newly launched bond calculator software, and a technical review of any issues identified in a State program's bonding activities.
- AMD Mitigation Techniques for Alabama AML: The Alabama Department of Industrial Relations AML program asked for technical assistance in reviewing the mitigation techniques used in five completed Clean Streams Projects (CSP). During the summer and fall of 2004 OSM staff conducted water sampling to evaluate the water quality in and around the projects sites. OSM staff prepared water sampling guidance to be used for these projects. Based on the results of water sampling, recommendations will be made for treatment techniques and how they should be applied in various situations encountered in the Alabama coal fields.

c. Mine Map Repository

OSM maintains a mine map repository authorized under the former Bureau of Mines and subsequently transferred to OSM. This repository, located in OSM's Appalachian Regional Coordinating Center in Pittsburgh, Pennsylvania, maintains the only national inventory of maps of abandoned coal and non-coal mines throughout the United States. Mapping information is used to fulfill customer requests for unique information that can range from rare maps for small uncommon projects to a national collection for assisting in large interstate projects. OSM customers include State regulatory and reclamation staff, local government agencies, developers, engineering and mining companies, architects, universities, law firms, environmental consultants, pollution control boards, realtors, law-enforcement agencies, historical societies, and homeowners. Some of the costs for this program are paid out of offsetting receipts from the sale of maps.

A recent environmental disaster in Kentucky and trapped miners in Pennsylvania have sparked increased public and government interest in accurate mine map archiving and the NMMR. Staffs from the NMMR and the Appalachian regional office are involved in several related important initiatives to improve mine map acquisition, archiving, and

availability. These include a benchmarking initiative to share best practices and discuss issues with mine map archiving and use and developing a TIPS training course to provide useful information on relating underground mine maps to surface map features. The increased awareness of the value of historical mine maps has resulted in a large influx of new maps to the NMMR collection from public and private sources.

The current collection and new acquisitions are gradually undergoing conversion to a digital format (in addition to the existing photographic record). Ultimately, the NMMR collection will allow retrieval of mine maps and related information more efficiently via the Internet.

*d. Small Operator Assistance Program (SOAP)*

Section 507 (c) of SMCRA provides that up to \$10 million may be appropriated each year from AML fees to assist eligible small operators to meet the costs of regulation. SOAP pays some costs of obtaining the hydrologic, geologic, and other environmental information needed to prepare coal mining permit applications. Regulatory authorities contract with public and private laboratories to collect the data and provide the environmental analyses. Mine operators with annual coal production of less than 300,000 tons per year are eligible for assistance under SOAP.

States with approved regulatory programs are responsible for administering SOAP. They may receive grants from OSM to pay qualified laboratories to provide the authorized technical services. OSM is responsible for SOAP programs in non-primacy States such as Tennessee. In FY 2004, 5 State SOAP programs (Alabama, Kentucky, Maryland, Pennsylvania and West Virginia) assisted 59 small mine operators. The program generates benefits for AML around 5 times its costs because the small operators pay AML fees, and also remine and reclaim abandoned mine lands which would otherwise be eligible for AML funding. The program is expected to operate at a similar level in 2005.

OSM is not requesting funding in FY 2006 for this program.

*e. Permitting*

Western Region Coal Mine GIS: An Internet Map Server system has been implemented for five western mines that allows OSM Western Region users to access high resolution satellite imagery of each mine permit. As additional image acquisitions are made, users will be able to compare changes in each mine over time. The system will streamline regulatory inspection, tracking, and permitting.

Tennessee GIS: The Knoxville Field Office Geographic Information System (KFO GIS) is the only federal repository of coal mining geographic data sets for mining operations located within Tennessee. OSM, the mining industry, and the general public use these spatial data sets of coal mining-related impacts to visualize and understand the relationships of coal mining operations to the environment. In FY 2004, KFO GIS

provided approximately 490 information products and services. KFO expects increases in user requests in FY 2005 and 2006. In FY 2004 KFO began to digitally map the extent of underground mine works in Tennessee by scanning 284 underground mine maps. Several hundred mapped areas are planned to be completed in FY 2005.

Mobile Computing: OSM continues leading efforts in applying mobile computing technologies to mine inspection, permitting and AML field work. The technology allows Inspectors to take maps and mine permit data to the field for inspection and verification of mining and permitting activities. AML applications include site investigation, inventory and reclamation design. Connecting high accuracy survey equipment to full function computers in the field allows field staff to respond immediately to AML emergencies with in-field design and re-design. This improves response times to emergency abatement and protects lives in the coal fields. In FY 2005, OSM continued to place tablet computers in various States to begin the expansion of this technology to our customers. The use of this technology will result in a more efficient means of implementing SMCRA.

*f. Technical Innovation and Professional Services (TIPS)*

The goal of TIPS is to provide State and OSM personnel with a comprehensive set of analytical tools to aid in technical decision-making processes related to the SMCRA. Services include: providing the technical tools to complete regulatory and reclamation tasks faster and more accurately, ensuring that the tools allow for electronic sharing of data, providing a comprehensive training program in core software for users, providing core-software tools at the user's desktop; conducting the necessary research and development that ensures that core software is the state-of-the-art; and providing technical assistance in software and hardware use. Customers include states, tribes and OSM offices nationwide.

The system is comprised of off-the-shelf computer hardware and software supported by OSM in partnership with the States and Tribes. TIPS consists of Windows-based computers at State, Tribal, and OSM offices with access to system license servers via the Internet. The software that the system provides covers a wide range of subjects necessary to assist technical staff in carrying out their duties in both the environmental protection and restoration programs under SMCRA. There are 19 commercially available software applications covering geospatial, hydrology, engineering, and statistical topics. These applications assist in the technical decision-making associated with conducting reviews of permits, performing hydrologic assessments, quantifying potential effects of coal mining, preventing acid mine drainage, quantifying subsidence impacts, measuring revegetation success, assisting in the design of abandoned mine land reclamation projects, and providing the scientific basis for environmental evaluations.

Examples of OSM TIPS related initiatives include:

TIPS Geospatial Conference: TIPS officially entered the conference and information forum realm as OSM jointly sponsored the “*Advanced Integration of Geospatial*

*Technologies in Mining and Reclamation*” with IMCC, NAAML, and WIEB on December 7-9, 2004, in Atlanta, Georgia. The conference was organized in response to recommendations by the TIPS Steering Committee. The three-day event featured 57 speakers with an attendance of 162 persons from States, Tribes, OSM, industry and academia. The conference was well received with numerous compliments and discussion requesting that this event become annual or bi-annual. All speaker presentations and associated materials will be published on the TIPS website.

Field Mapping Using Mobile GIS: During 2003, OSM staff used GPS enabled tablet computers and ArcPAD GIS software to map several thousand acres of land that were mined and left inadequately reclaimed due to the bankruptcy of a mining company in Missouri. The mapping effort was initiated to aid in estimating reclamation liability of this multiple-permit bond forfeiture area. The work clearly demonstrated the usefulness of Mobile GIS technology for mapping, data collection and reclamation cost analysis. Additional efforts were underway during 2004 in Alabama and Illinois to improve the quality and accuracy of water and soil data collection. In 2005, OSM is using mobile computing technologies to aid in bond release decision making on 10,000 acres of permitted mine lands in Missouri. During 2005, OSM will continue to conduct workshops, assistance efforts and hands-on training sessions with state regulatory and AML programs to help introduce them to Mobile GIS and Mobile computer aided design (CAD) technologies for their program operations. During 2006, TIPS OSM and state participants in the Mobile Computing effort will work with other SMCRA programs to further perfect the technology and integrate it in SMCRA operations.

**Mobile GIS: Bond Release Vegetation Assessment AECI:** In spring of 2004 OSM's Mid-Continent Regional staff conducted vegetation assessments for bond release areas on the AECI Mining sites in Missouri. The data provided by the coal mine operator included: 78 paper copy (blue line) maps with data indicating permit boundaries, bond status, land use, pond locations, release areas, vegetation sampling locations and other various permit information. The paper maps were scanned, the line work was vectorized, and the map attribute information was captured. Free topographic, aerial photography and public land survey information were obtained from the internet, and all information was incorporated into a GIS. The GIS information was loaded onto a mobile computing device to locate spatially complex bond release areas and conduct verification of the bond release data through vegetation data collection and analysis.

**Resource Analysis:**

**With Mobile Computing Technologies:**

2 days for various resource professionals to conduct field data collection.

10 days for various GIS data collection and analysis.

Total = 12 days.

**With Traditional Existing Methods:**

60 days for GPS/Survey specialists to flag and orient maps for resource professionals.

10 days for resource professionals to conduct field data collection.

15 days for GIS data input and analysis.

Total = 85 days.

The net result with Mobile computing technologies is 85% less time and resources needed to complete this task. Furthermore, the natural resource professionals involved in this project believed that this work could not have been accomplished using traditional methods due to the complex spatial nature of the bond release areas. The mobile computing devices allow the user to visualize the land areas, permit boundaries, sample points, topography, and bond status, and other data live on the ground.

**OSM Geospatial Team Development:** TIPS has begun the establishment of a Geospatial Team to help make geospatial information and technologies more readily available to the national community of coal mining states, tribes, and OSM offices. The Geospatial Team will identify geospatial activities, policies, standards, and products that will increase the effectiveness and efficiencies of organizations working on SMCRA related projects on a national scale. Specifically, the team will assess the need for geospatial resources to support all regulatory aspects of mining and reclamation activities and the availability of geospatial information, systems, and expertise. The team will evaluate the gap between the requirements, information holdings, system capabilities and expertise; identify critical geospatial tools and services for federal, state, and tribal managers and staff; facilitate improved interoperability and sharing of geospatial resources; and will help to coordinate federal geospatial resources and initiatives to meet

departmental and national requirements. The effort is a strategic component of the Geospatial One-Stop Government initiative. The Geospatial Team's work involves:

- Developing a national strategy for implementing and promoting the use of geospatial technology within the SMCRA community;
- Providing solutions to problems affecting implementation of enterprise Geographic Information System (GIS) within OSM; and
- Communicating the results of their work to others.

**Remote Sensing Program:** The remote sensing initiative provides direction for the use of remote sensing as a tool to support Titles IV and V of the Surface Mining Control and Reclamation Act (SMCRA). General remote sensing support activities are: 1.) Conduct applied research in partnership with other OSM offices, tribes, states and other federal agencies, 2.) Distribute image processing and associated Geographic Information System (GIS) software to offices for on site processing and analysis, 3.) To provide formal training, on site workshops, technical support and general technology transfer, and 4.) To provide technical assistance for special project applications as requested.

**TIPS Website.** For more examples and information, visit the TIPS website ([www.tips.osmre.gov](http://www.tips.osmre.gov)) provides information about TIPS, including current TIPS training classes, descriptions of TIPS software, access to digital data files for public domain TIPS software, lists of TIPS specialists, standardized AML emergency design drawings, and digital topographic maps for coal-producing areas within the United States. Upgrading and improving the website and its capabilities will continue into FY 2005.

*g. Reclamation Support Activities*

**Enhanced Contemporaneous Evaluation of Reclamation:** As part of an effort to more effectively evaluate reclamation as it occurs at each mine, inspectors from OSM with assistance from technical specialists are using GPS units to locate the boundaries and input data for the areas as they are reclaimed. The field data (slopes, topsoil depths, etc) are subsequently downloaded into a GIS under development for each mine. This process will enable the OSM, States and industry professional and technical staff to keep track of the status of reclamation on each acre of mined land as it occurs.

**Indiana Enos AMD Wetland Design:** The Indiana Division of Reclamation requested assistance in designing an AMD treatment wetland at the Enos tipple and gob pile area of the Patoka watershed. OSM staff evaluated a number of possible treatment options and provided a reclamation design to the State in CAD drawings. Project construction began in FY 2005.

**Illinois TAB-SIMCO AMD Remediation:** Illinois requested technical assistance with design of a remediation plan for the TAB-SIMCO AMD Reclamation Project during FY 2005. OSM staff assisted in evaluating a water sampling plan and conducted a site

investigation. The investigation included drilling six new boreholes, water sampling and design assistance. The mine pool is being monitored to develop remediation plans and to verify the results of reclamation efforts.

*h. Applicant/Violator System (AVS)*

The Applicant/Violator System (AVS) is a National information database OSM maintains to support many types of research and program efforts, but primarily it supports permit eligibility determinations under section 510(c) of SMCRA. As part of the permit review process, State and Federal regulatory authorities use the information contained in the AVS to evaluate an applicant's mining and violation history in order to determine the applicant's eligibility to engage in surface coal mining operations. OSM responded to 3,655 requests during fiscal year 2004 for these evaluation reports. The AVS is also used to determine the eligibility of potential recipients of AML reclamation contracts and grants under the Small Operator Assistance Program.

AVS Office staff provides services to other customers including the coal industry, citizens groups, and other Federal agencies. Some of the services provided include: providing software and technical assistance for customers wishing to access the AVS from a personal computer; updating information in the AVS for coal companies that mine in more than one State; providing basic and advanced system training; and providing investigative assistance to others on complex ownership and control issues. These and other activities will continue through 2006.

Ownership and Control Rule: OSM published a proposed rulemaking in the Federal Register in December 2004. Publication of the proposed rule represents the agreed settlement of the lawsuit brought by the National Mining Association concerning certain provisions adopted in the 2000 ownership and control final rule.

Transfer, Assignment, or Sale of Permit Rights: During fiscal year 2005, OSM published a proposed rule to revise its requirements for transfer, assignment, or sale of coal mining permit rights.

AVS Redesign Activities: During 2004, OSM initiated a redesign to dramatically improve the usability of the AVS. The redesign involves not only the transformation of the current system to a more user friendly, web-based system but also a rewrite of the business processes and change in program language to allow for ease in future development and modification. The redesign activities will continue through 2005.

Alternative Enforcement Initiative: During fiscal year 2005, the AVS office will continue to assist the Regulatory Authorities with more effective alternative enforcement remedies. The AVS Office provides training classes, investigative services and specific recommendations for sites with outstanding violations or for entities going through bankruptcy.

## **2. Technical Training**

Of the \$3.4 million for Technical Training, \$2.2 million of the funds support OSM's Environmental Protection activities and \$1.2 million support Environmental Restoration activities. Training provided ensures OSM, State, and Tribal staff possess the necessary knowledge and skills to implement the Surface Mining program. This activity supports the Department's Resource Use and Resource Protection goals.

### *a. National Technical Training Program*

OSM established the National Technical Training Program in 1985, recognizing the need for an ongoing educational program to increase the technical competence and professionalism of Federal, State, and Tribal personnel. The program delivers training related to permit approval, bond release, reclamation, and enforcement. The training received serves to update technical expertise and fosters consistent application of standards. Training is provided in each of the disciplines involved in implementation of SMCRA, which include engineering, hydrology, blasting, agronomy, and botany. The program also ensures training is available to enable SMCRA staff to maintain the ability to gather and present information as an expert with the most recent data available. In addition, periodic training is needed to disseminate the latest technological and the other changes in regulatory and associated reclamation activities.

All aspects of the program from identification of needs through course development and presentation are cooperative efforts of State, Tribal, and OSM offices. This joint effort exemplifies Secretary Norton's 4C's of cooperating, communicating, and consulting with local agencies to foster good conservation practices. Of the 28 State and Tribal programs, 20 have fewer than 50 employees and another 5 have fewer than 100 employees. There is an economy of scale achieved by the pooling of State and Federal resources that allows instruction in a wide variety of subjects each year for all State, Tribal, and OSM programs.

In addition to regularly scheduled FY 2004 courses, in response to specific requests, a special session of the NEPA Procedures course focusing on Public Facility Projects was held for the Navajo Nation; several sessions of the Effective Writing Course were held for the State of Montana and the Department of Justice; and Blasting and Inspection were offered internationally and for the Corp of Engineers. Meeting mid-year and emergency requests provides critical support to the States and Tribes and we anticipate meeting this type of request in FY 2006.

In FY 2004, the Program offered 55 sessions of 34 different courses to a total of 916 participants. Also, in FY 2004, a new course, Passive Treatment Systems for Acid-Mine Drainage, was added to course offerings. The purpose of the course is to provide students with highly interactive information and exercises that can be used to evaluate the application of passive treatment in clean streams, abandoned mine lands, and active mining projects; estimation of treatment costs; development of actual treatment designs; and assessment of existing passive treatment projects. The audience for this course is

permitting specialists, inspectors, and Abandoned Mine Land specialists. Another recently developed course, Acid-Forming Materials AML Workshop, which is designed to assist AML students in reclaiming problematic areas was modified for offering in Eastern States. Plans were made for extensively revising the five AML Design Workshops in FY 2005 and 2006 to meet the needs of staff who are being newly trained or crossed trained in AML project work. Significant progress was made on re-designing the Dangerous Openings class, and work is under way on the other four workshops including Dangerous Highwalls, Subsidence, Fires, and Landslides. In FY 2004, the training program conducted three low-cost workshops at the National Association of Abandoned Mine Program (NAAML) conference. We anticipate reaching students through this low cost method in FY 2006. FY 2004 topics included Acid-Forming Materials in Arid Lands; Speaker Presentation Skills; and a mini-course on Drilling and Grouting. The Drilling and Grouting course will be expanded to a full length NTTP offering in FY 2005. Preliminary planning work was also done on a site-investigation and AMLIS class.

Also in FY 2004, in support of the e-Government initiative component of the Administration Management Plan, the training program, in partnership with the U.S. Fish and Wildlife, made solid progress in making GPRA follow-up evaluations, course registration, and other administrative processes available through the Internet by participating in the new DOI Learning Management System (LMS). This system will become fully operational in FY 2006. Additionally, we plan to update digital presentation technology.

In conjunction with the States, OSM evaluated proposals for several new hydrology courses including one on quantitative hydrogeology and one on forensic investigation of hydrologic problems. The Quantitative Hydrogeology: Theory and Application course was developed to provide students with an introduction to using quantitative methods to describe ground water flow and transport. This course was piloted in FY 2004 and added to course offerings in FY 2005. A new course, Forensic Hydrology Investigations, which provides additional practical applications will be piloted in late 2005 or early 2006.

Modeling on the success of the State and Tribal 2002 PHC/CHIA benchmarking session, in FY 2004, the training program worked with the Interstate Mining Compact Commission to offer a well attended workshop on Underground Mine Mapping. The session was offered in conjunction with MSHA as a follow up to Que Creek and Martin County incidents. A follow up to the FY 2004 will be held in FY 2005 and work on this critical issue will continue into FY 2006 and beyond. Benchmarking workshops provide the opportunity to share information about State model programs with the goal of adopting or adapting processes to more effectively deliver products and services (e.g. permitting) to customers. OSM anticipates that additional workshops will be held in 2006 in accordance with prioritized needs. Topics for benchmarking sessions are determined by State and OSM participants. Initial interest has been shown in topics such as subsidence control; bonding calculation and methodologies; contemporaneous reclamation; reclamation technology and techniques for active and abandoned mines;

water quality jurisdictional issues, and effective outreach and response to citizens under the Surface Mining Control and Reclamation Act (SMCRA).

In FY 2005, OSM plans to provide training to approximately 950 students. In FY 2006, the program plans to increase attendance to 1200. This includes offering additional course sessions for 140 students, 70 students at course pilots, and 40 participants in benchmarking sessions. The program had increased its program effectiveness rating each of the last several years and is now set at 93% for FY 2006.

*b. TIPS Software Application Training*

Training of state, tribal, and Office of Surface Mining personnel in the practical application of analytical software is an integral part of the technical assistance function. Instructor-led courses incorporate the reclamation experience of its instructors and students to provide a unique shared training experience. TIPS training during 2004 totaled 456 participants in 36 instructor-led classes. Twelve instructor-led courses were held at customer sites with critical training needs for software use. The training program employed 48 different instructors in 2004; 16 of these were state program experts. The Government Performance and Results Act rating for this training satisfaction for 2004 was 90 percent. The four categories making up this score breakdown as follows: class satisfaction rated at 87 percent, facility at 88 percent, lead instructor at 93 percent, and co-instructor at 92 percent. New courses offered in 2004 included Mobile GIS Computing and ERDAS Remote Sensing. Additional E-training courses were offered to students in 2004. Eighteen new one-hour GIS Workshops were offered in individual sessions in addition to 15 on-line courses through a contract with the Environmental Systems Research Institute Virtual Campus for basic geographic information system training.

TIPS Customer Courses Conducted in FY 2004

| <b>COURSES</b>                             |
|--|
| AMDTreat (AMD cost estimation)             |
| ArcGIS (Geographic Information System)     |
| TerraSync Global Positioning Systems (GPS) |
| ArcPAD (GIS mobile computing)              |
| ArcView (GIS)                              |
| Computer-Aided Design (CAD) Applications   |
| Statgraphics (Statistics software)         |
| Groundwater Vistas (ground water model)    |
| Galena (slope stability)                   |
| SurvCADD (landform model)                  |
| AquaChem (water quality)                   |
| SDPS (subsidence prediction)               |
| Aqtesolv (ground water model)              |
| SedCAD (surface water sedimentation)       |
| GIS Online Courses                         |

During FY 2005, the TIPS training program expects to train 428 students in 35 classes; and for FY 2006, it projects that 425 students will be trained in the same number of classes.

*c. Regional/Site Specific Training*

OSM has regional training centers, which offer classes on customer requested topics and provide facilities for the national training program to minimize expenses. In FY 2005 and FY 2006, examples of such training may include:

- Tribal Training: OSM offers training to tribal staff in formal OSM training classes (NTTP and TIPS) as well as through courses offered by State universities and attendance at OSM forums and workshops. This effort is carried out under provisions of the Energy Policy Act of 1992, which includes:
  - (1) Courses relating to SMCRA to assist the tribes (Navajo Nation, Hopi, Crow and Northern Cheyenne) in their development of regulations and programs.
  - (2) Courses to enable the tribes to assist OSM in the inspection and enforcement of surface mining activities on Indian lands, including, but not limited to, permitting, mine plan review, and bond release.
  - (3) Courses in the use of TIPS provided software and technology.

Revised Universal Soil Loss Equation Learning Modules: For the fourth consecutive year OSM's Western Region distributed CDs with Guidelines for the Use of the Revised

Universal Soil Loss Equation (RUSLE) on Mined Lands, Construction Sites, and Reclaimed Lands, for the public domain RUSLE Version 1.06, along with the upgraded software now operating in WINDOWS 2000 and XP environments. The guidelines are providing guidance for maximizing the accuracy of soil-loss prediction estimates, recommending procedures ensuring soil-loss estimates calculations that are generally reproducible, and identifying critical areas for future research. In its outreach, OSM has modified the above RUSLE Guidelines to complement the new U.S. Department of Agriculture's RUSLE 1.06c software. In addition, two e-learning modules on the RUSLE model have been added to the RUSLE CD and to the RUSLE information on the web site. Each module consists of a set of PowerPoint slides and a live narrative by the author, walking the user through the slides, the first set being information on creation of the RUSLE model for mined lands, construction sites, and reclaimed lands, and the second one on the use and misuse of RUSLE. In 2005, with cooperation of the USDA, ARS, RUSLE 2.0 full windows version will be deployed to all the state regulatory agencies and OSM customers.

Acid Mine Drainage Workshop: In 2005, OSM sponsored a three-day "Acid Mine Drainage Workshop" in Indiana that included case studies and field trips. Case studies were prepared for both active and passive treatment of AMD with a variety of geologic settings. Participants included 33 State and Federal staff from 8 states, the OSM Mid Continent Regional (MCR) Office and the Appalachian Regional Office. Participant evaluations rated the workshop as excellent with a 93% satisfaction rating. The Illinois Department of Natural Resources has proposed hosting a similar workshop in 2006.

Western Regional Workshops: In FY 2004, OSM sponsored four regional information workshops for new technologies implementation, at the Western primacy States request. All states regulatory agencies are attempting to develop processes for records conversion and document management within the framework of existing budgets, staffing resources, and prioritized needs. In FY 2005 and 2006, two innovative new technologies workshops will be held for the Western primacy states. The feedback from the four FY 2004 workshops indicates that technical presentations are offering new paradigms to state staff on how to work more efficiently, accurately, using new tools in shorter time period.

### **3. Technology Transfer**

Of the \$3.2 million requested, \$1.6 million of the funds for technical transfer support OSM's regulatory program activities and \$1.6 million support OSM's abandoned mine land program. Technical transfer is an integral component of OSM's Restoration and Protection business lines providing national support to State and Tribal programs. Through the development of new technology and experimental practices this activity supports the DOI Resource Protection and Resource Use goal areas.

A sound technical development program ensures that the most current and valid scientific information is available to the industry, States, and Tribes. OSM plans to attain a 92 percent service rate in FY 2004.

#### *a. Technology Development*

OSM seeks to meet the needs of State, Tribes, and all OSM staff, as well as the public and the coal industry by solving problems related to reclamation projects, and regulatory implementation through cooperative research efforts with other bureaus. OSM does not fund research of its own, however, in FY 2005 it proposes to support applied Science projects that address our major environmental issues. Currently, OSM's research needs are coordinated with the regulatory and research programs of the USGS and other Federal agencies having responsibility for or supporting environmental protection.

OSM participates on the Department of the Interior's Base Mapping Needs Committee to coordinate OSM's mapping needs with other Interior bureaus. The Base Mapping Needs Committee ranks and funds mapping requests based on multi-party needs; current work includes the 2004 National Map pilot project in Colorado.

OSM works with the academic community and private research organizations to identify potential areas of cooperation. The National Mine Land Reclamation Center (NMLRC), located at West Virginia University, receives funding from several Federal and State agencies including OSM and industry organizations to research solutions to environmental problems associated with coal mining.

#### *b. Electronic Permitting*

The goal of Electronic Permitting is to obtain computer-generated permit applications in which all text, baseline data, models, drawings, and maps are in electronic media. As a long-term program that has significant monetary and time savings, electronic permitting provides more complete and up-to-date records for those involved in the permitting process. Currently, OSM is assisting primacy States in development and implementation of electronic permitting.

Electronic permitting provides State, Tribal, and OSM permit reviewers with computer-based tools to access electronic documents, maps and data, and to perform necessary environmental analyses. Electronic data and information can be downloaded directly onto computer systems, where users can access the computer databases and analytical software, such as those provided by TIPS, making data manipulation and analyses more efficient and accurate. Electronic permitting saves staff time by reducing many “clerical” aspects of accessing and transferring hard copy information. Additional benefits include the ability to share computer-based data with managers, field personnel, other agencies, the public and industry.

In FY 2005-2006, OSM plans to continue to coordinate activities with primacy States, tribes and industry and expand Federal/Industry electronic data exchange initiatives. OSM will support electronic permitting initiatives of States by concentrating on their needs in the area of data conversion, acquisition and storage, and interpretation of remote sensing data.

A few examples of electronic permitting achievements include:

- *Alabama* – The Alabama Surface Mining Commission (ASMC) is receiving EP through e-mail and CD submissions. The State has established a GIS for the coalfields and is actively incorporating EP information into the system.
- *Kentucky and Virginia* – Permits are now processed electronically routinely. All permit applications are electronically routed and reviewed from submittal to approval. Permit applications can be delivered electronically or in hard copy, in which case they are scanned into the office network by State personnel.
- *North Dakota* Public Service Commission (PSC) has the nation’s first fully paperless permitting system. Submittals in electronic format are not only for new mine permits, but also for annual hydrology reports, bond release applications, and annual wildlife surveys.
- *Utah* Division of Oil Gas and Mining (DOG M) databases are now linked with their GIS system, allowing staff to publish various use maps, with current and accurate technical information.

*c. Technology Transfer and Publications*

Technology Transfer is accomplished through a variety of activities. State technical representatives meet frequently with OSM regional staff to share resources whenever practicable to resolve regional technical issues. OSM sponsors or attends interactive technical forums, computer applications workshops, and technical seminars to address mining and reclamation environmental issues. After coordinating the need of States, Tribes, and industry, OSM plans and presents technical topic forums. OSM partners with the States to develop technology transfer priorities. The OSM national and regional

technology transfer teams evaluate initiatives to encourage networking and information sharing that will result in program improvement or enhancement.

Mountaintop Mining and Valley Fills (MTM/VF):

The final programmatic EIS on MTM/VF and the corresponding Record of Decision are targeted for publication in FY 2006 and 2007. By extension, initiating and implementing the actions to further minimize the adverse environmental effects of MTM/VF, which will be identified within the Record of Decision, could necessitate technical and policy forums with the coal industry, the public, and State and Federal officials in the Appalachian Region.

Reforestation Initiatives: OSM continues its effort to encourage reforestation practices that would increase the amount of mined land reclaimed as forest. This effort has resulted in technical and policy symposia, a website to communicate reforestation information, staff presentations at professional meetings, and publications that transfer state-of-the-art science and technology to mining and reclamation professionals around the world. The environmental and economic benefits of this approach include higher quality reclamation, an increase in the number of sites reclaimed, economic opportunities for local communities, aesthetic and recreational improvements, sale of forest products by landowners, and the opportunity for reporting carbon reductions through sequestration in forests. This activity is of interest to mine operators, utilities, land management companies, mining companies, and environmental organizations. It provides the opportunity to promote ecologically diverse balanced forest ecosystems. Two publications have been produced and distributed by OSM that capture the state of the science on reforestation on mined lands. In addition, an Outreach Packet outlining the benefits of reforestation and designed to attract the attention of potentially interested parties has been published. During FY2004, OSM, in conjunction with Southern Illinois University and Purdue University, completed a study entitled "An Evaluation of Post SMCRA Reforestation Efforts in Indiana", the results of which have been distributed by the Purdue University Extension Service and through the OSM Reforestation Website. The information will be useful to State reclamation programs and mining companies in guiding future surface mine permitting actions and in achieving more robust reforestation results.

In FY 2004, the Mid-Continent Region conducted a workshop on "Reforestation of Drastically Disturbed Lands", and in FY 2004 the Appalachian Region launched the Appalachian Regional Reforestation Initiative. The initiative promotes the use of the Forestry Reclamation Approach (FRA) during reclamation of active coal mining operations and abandoned mined lands projects. The goals of these initiatives are three fold. They are to: 1) plant more high-value hardwood trees on reclaimed coal mined lands in Appalachia; 2) increase survival rates of planted trees; and 3) increase growth rates of planted trees. These initiatives encourage partnerships with local, state and Federal government agencies; academia; citizens groups; environmental organizations; and industry to educate, promote, and assist in reforestation efforts.

Coal Combustion By-Products (CCB): OSM has successfully pioneered numerous technology transfer events and products on this topic beginning with its first national technical interactive forum in 1996. In FY 2004, OSM held its fourth Technical Interactive Forum on “State Regulation of Coal Combustion By-Product Placement at Mine Sites” in Pennsylvania. The four sessions covered topics of: use of fluidized bed combustion materials in mine reclamation; state regulation of CCBs with case studies; environmental damage cases; and response to public concerns about CCB placement in Pennsylvania. There were 175 participants at the forum and participant surveys revealed a 95% satisfaction rating. OSM staff participated in other activities during FY2004 including serving on the Department of Energy Combustion By-product Recycling Consortium national steering committee to review research proposals for CCB product development, serving in the American Coal Ash Association/University of Kentucky planning committee for the World of Coal Ash International Coal Ash Symposium, and maintaining the CCB web site at (<http://www.mercc.osmre.gov/ccb/>). In FY 2005, OSM’s CCB steering committee is planning to conduct its fifth technical forum on “Reclamation, Risk, and Regulation with CCB’s at Active Mines” in conjunction with the World of Coal Ash conference in Kentucky. The three topics to be examined during the symposium include: Case studies of CCB Mine Placement Design; Implementation and Monitoring (of CCBs at mines); and Regulation of CCB Placement at Mines.

Bat Conservation and Mining : OSM has cosponsored three technical interactive forums related to bat conservation and mining to establish the state of the science. OSM has published and distributed two publications “Proceedings of Bat Conservation and Mining” and “Proceedings of Bat Gate Design.” These publications will serve to educate the mining industry, reclamation professionals, biologists and the general public on the importance of mines to bats and on methods of protecting bats during mining and other land management activities. In recent years, OSM has stepped up its activities in regard to protecting the endangered Indiana bat (*Myotis sodalis*) during Mining and reclamation activities. The endangered Indiana bat is found in more than half of the states with SMCRA regulatory programs. During 2005, OSM lead an effort by Federal and State wildlife agencies, state SMCRA programs and academics and mining industry representatives to develop and conduct a national symposium on Indiana Bats and Mines. Over 150 people attend the symposium. In a participant survey, 91% of respondents indicated that they were either extremely satisfied or very satisfied with the symposium. Proceedings will be produced and distributed during FY2005. OSM is working with the State SMCRA programs and the Fish and Wildlife Service to ensure that these valuable animals receive full protection under the Endangered Species Act with minimal disruption to coal production.

Reports, Forum, and Workshop Proceedings: OSM publishes and co-sponsors the publication of numerous forums and workshop proceedings and various topical reports. These publications are distributed to interested parties at technology transfer events, upon request, and at various websites maintained by OSM. The agency uses the Internet to make available and seek comments to its reports and technology transfer products for as wide a client audience as possible. During 2005 and 2006, OSM will continue to develop, distribute, and communicate these products.

OSM Technical Library: OSM maintains a technical library to provide access to technical, scientific, and legal information for the agency, States, tribes, industry, citizen groups, and the public through a variety of services, reference assistance, technical research, document delivery, and the dissemination of critical current awareness information. The library staff anticipates that by being on the web, the use of the collection will increase significantly. In addition, it is projected that the library staff will receive approximately 360-400 publication requests in FY 2005 and FY 2006. As well as providing technical information and services to State Regulatory Agencies and other OSM customers on a variety of mining-related topics, the technical library shares its collection through interlibrary loan with libraries around the world. In order to provide worldwide access to the information resources in the collection, the library catalog is web-accessible to anyone with Internet access.

*d. Experimental Practices Program*

Section 711 of SMCRA allows variances from Sections 515 and 516 performance standards as alternative or experimental mining and reclamation practices to encourage advances in mining technology or to allow innovative industrial, commercial, residential, or public (including recreational) post-mining land uses. However, the experimental practices must be at least as environmentally protective as the performance standards promulgated under Sections 515 and 516 of SMCRA. The experimental practice also must not reduce the protection afforded public health and safety below that provided by the applicable performance standards. Approval and monitoring of a permit containing an experimental practice requires a close working relationship between the operator, the regulatory authority, and OSM.

Since the inception of the program, 46 experimental practices have been undertaken and 26 completed. Of the completed projects, 21 were determined to be successful and 5 unsuccessful. Eighteen are currently underway; and 2 were terminated due to regulation change.

*e. Educational Outreach*

To make the public and students aware of OSM's responsibilities and of its environmental stewardship mission, OSM staff provides educational outreach to science teachers associations, science classes, educational fairs, Earth Day events, career days, foreign visitors, grassroots organizations, and professional associations and societies. This outreach includes demonstrating phases of surface mining reclamation using an open-pit mine model with reclamation equipment and activities in place, as well as providing educational posters and materials involved in permitting, monitoring and reclaiming a mine site. Additional outreach is provided through publications and distribution of forum proceedings, such as the *Approaching Bond Release: Revegetation, Reclamation Issues, and Surface Mining Applications in the Arid and Semi-Arid West*; the *Boy Scout Mining Information Handbook*; *Wildlife Habitat Construction and Wildlife Use of Reclaimed Lands in the Arid and Semi-Arid West*. Conversion of important

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technical documents into electronic format, such as the *Handbook of Western Reclamation Techniques*, and *Sagebrush Establishment on Mined Lands: Ecology and Research*, and compilations of technical information such as OSM's Mid-Continent Regional Coordinating Center's Comprehensive Technology Transfer CD, further assist with their dissemination. Assisting in the integration of the *Handbook of Western Reclamation Techniques* into university curricula is made easier as the above documents are also made available on OSM website. Outreach efforts will expand and continue in FY 2005 and 2006.

## **FY 2004 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2004, the major accomplishments in the Technology Development and Transfer program activity include:

- The Small Operators Assistance program helped 59 small coal mine operators collect technical data needed for mine permit applications.
- National Technical Training Program (NTTP) offered 55 sessions of 34 different courses.
- The Technical Innovation and Professional Services conducted 36 classes for 456 students.
- Technical library staff responded to more than 350 requests from state regulatory staff, other federal agency staff, citizens, coal industry, consultants, and academics.
- OSM jointly sponsored a Geospatial Conference for 162 attendees from government, academia, industry and the public in Atlanta, GA.
- OSM sponsored 4 innovate new technologies workshops for 144 Western primacy State and OSM staff.
- OSM, in conjunction with Southern Illinois and Purdue Universities, completed a study entitled “An Evaluation of Post SMCRA Reforestation Efforts in Indiana.”

## **FY 2005 PLANNED PROGRAM PERFORMANCE**

- OSM will provide TIPS training for approximately 428 students.
- OSM will continue to participate in the Acid Drainage Technology Initiative collaborative effort among federal agencies, industry, the states, academia, and the National Mine Land Reclamation Center to promote communication and technology enhancement in the field of acid mine drainage.
- In 2005, the AVS Office will continue to redesign the AVS software.
- NTTP will increase its training by 50 students to 950 students.
- OSM will sponsor a technical interactive forum on Regulation, Risk, and Reclamation with CCB's at Mines in conjunction with the World of Coal Ash Conference to an international audience in Lexington, KY.
- OSM will sponsor two innovative new technologies workshops for 80 Western primacy State and OSM staff.
- Meet performance goals as follows:

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|   | <b>FY 2004 Actual</b> | <b>FY 2005 Plan</b> | <b>FY 2005 Plan versus<br/>FY 2004 Actual</b> |
|---|-----------------------|---------------------|---|
| Customer satisfaction in the quality and timeliness of AVS provided services. (BUR)   | 98%                   | 95%                 | -3%<br>(-3%)                                  |
| Customer service rate in the quality of technical assistance. (BUR)   | 100%                  | 94%                 | -6%<br>(-6%)                                  |
| Percent satisfaction with scientific and technical products and assistance. (BUR)   | 97%                   | 92%                 | -5%<br>(-5%)                                  |
| Customer effectiveness rate in the quality of technical training – NTTP. (BUR)  | 97%                   | 93%                 | -4%<br>(-4%)                                  |
| Number of students trained – NTTP. (BUR)  | 916                   | 900                 | -16<br>(-8%)                                  |
| Customer satisfaction rate for TIPS. (BUR)  | 90%                   | 89%                 | -1%<br>(-1%)                                  |
| <p><u>Accomplishment Data:</u> Technical training measures are based on customer surveys and course attendance records. Measures of general technical assistance, technology transfer, and AVS success are also based on customer surveys.<br/>BUR = Bureau Measure</p> |                       |                     |   |

**JUSTIFICATION OF 2006 PROGRAM CHANGES**

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| Technology Development and Transfer | FY 2006 Budget Request | Program Changes (+/-) |
|-------------------------------------|------------------------|-----------------------|
| \$(000)                             | 19,048                 | 957                   |
| FTE                                 | 136                    | 0                     |

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National Technical Training Program (+\$500,000) - OSM’s National Technical Training Program works to ensure that the succession planning goals of State, Tribal, and OSM surface mining agencies are met so that new staff is trained or cross-trained prior to the departure of existing staff. With additional funding in 2006, the program will be able to train 250 additional students and develop critical new classes to meet changes in available technology and in the changing workforce. These new classes will make available to students the latest advances in reclamation technology to effectively implement SMCRA. OSM technical instructors will be trained through a refresher course to incorporate advances in instructional technology. New classes developed will include training in geology, vegetation, hydrology, and engineering courses to address changes in technology, changes in program policy due to regulatory changes or in response to litigation. To meet the needs of Abandoned Mine Land staff, a new course on policy implementation will be developed for program managers and new AML design workshops will be developed to address field needs. These additions will enable us to offer 2 new courses, offer an additional 8 course sessions plus benchmarking to serve an additional 250 students. These additions directly address increasing the knowledge and skill base to meet Resource Protection watershed goals and Resource Use optimal value goals. This program also supports the increase in technical capacity of OSM employees and inspectors as required under the FY 2006 PART.

Technical Innovation and Professional Services (TIPS) (+\$1,000,000) – OSM’s national Technology Innovation and Professional Services (TIPS) Team is requesting \$1million to increase the support provided to States, Tribal and OSM offices for mobile computing, training, remote sensing, specialized hardware, and software licenses. These initiatives will help OSM provide better support for environmental restoration and environmental protection business lines. This Program also supports the increase in technical capacity of OSM employees and inspectors as required under the FY 2006 PART.

This proposal would extend the benefits of mobile computing technology to TIPS customers nationwide; provide for development of two additional web-based training courses in the following TIPS core software: Subsidence Deformation Prediction System (SDPS) and ARCGIS 3-D Analyst; provide remote sensing data acquisition, software, specialized hardware, and thermal cameras; and provide additional TIPS core software licenses to meet demand in growth of the program.

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Applied Sciences (+\$1,000,000) – OSM’s Applied Science Program would work to improve the technologies associated with mining and reclamation. In FY 2006, the program will address those complex issues surrounding environmental restoration and protection as it relates to mining and reclamation, while maximizing human capital. It is anticipated that approximately 10 projects at an average cost of \$100,000 will be possible with the increased funding.

This initiative will also include work on underground mine mapping. Mine maps have been created for centuries by miners, mine engineers and surveyors for use in mine planning and management decisions. Maps can provide information today for use by mine engineers, community planners, developers and regulators when making decisions on land use, development, property purchase, and environmental protection.

Small Operator Assistance Program (-\$1,478,000) - This proposal does not request funding for SOAP. In FY 2005, the program is funded at \$1.478 million (less two rescissions). Operating on a first-come, first-serve basis, some programs are closed to new applications for much of the year after all their funding is expended.

Information Technology (-\$65,000) – Represents overall Bureau savings from FY 2005 to FY 2006 in IT investments.

**FY 2006 TECHNOLOGY DEVELOPMENT AND TRANSFER PERFORMANCE**

| <b>Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources</b>  |                       |                     |                       |                                   |                             |                     |  |                                |
|--|-----------------------|---------------------|-----------------------|-----------------------------------|-----------------------------|---------------------|--|--------------------------------|
| <b>Measures:</b>   | <b>FY 2003 Actual</b> | <b>FY 2004 Plan</b> | <b>FY 2004 Actual</b> | <b>FY 2005 President's Budget</b> | <b>FY 2005 Revised Plan</b> | <b>FY 2006 Plan</b> | <b>Change in Performance 2005 Plan to 2006</b> | <b>Long-term Target (2008)</b> |
| Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) <u>1/ 3/ 4/ (SP) (PART)</u>          | 6,539                 | 6,900               | 6,965                 | 8,200                             | 6,900                       | 8,200               | 1,300<br>+19%                                  | 8,200                          |
| Number of stream-miles for which degradation from past surface coal mining has been improved <u>1/ 2/ 4/ (SP) (PPM)</u>  | UNK                   | 150                 | 33                    | 175                               | 35                          | 35                  | 0  | 35                             |
| Number of surface acres of water for which degradation from coal mining has been improved. <u>1/ 2/ 4/ (SP) (PPM)</u>  | UNK                   | 150                 | 36                    | 175                               | 35                          | 35                  | 0  | 35                             |
| Number of active partnering and leveraging agreements. <u>1/ 2/ (PPM)</u>  | UNK                   | 56                  | 74                    | 56                                | 56                          | 56                  | 0  | 56                             |
| The amount of increased funds derived from active partnering and leveraging agreements. <u>1/ 2/ (PPM)</u>   | UNK                   | 70,000              | 8.179 million         | 70,000                            | 70,000                      | 70,000              | 0  | 70,000                         |
| Customer service rate in the quality of technical assistance (applies to both the Environment Protection and Resource Use Goals). <b>(BUR)</b>                   | 100%                  | 94%                 | 100%                  | 94%                               | 94%                         | 94%                 | 0  | 94%                            |
| Percent satisfaction with the scientific and technical products and assistance (applies to both the Environment Protection and Resource Use Goals). <b>(BUR)</b> | 93%                   | 92%                 | 97%                   | 92%                               | 92%                         | 92%                 | 0  | 92%                            |
| Customer effectiveness rate in the quality of technical training – NTTP (applies to both the Environment Protection and Resource Use Goals). <b>(BUR)</b>        | 96%                   | 92%                 | 97%                   | 93%                               | 93%                         | 93%                 | 0  | 93%                            |
| Number of students trained – NTTP (applies to both the Environment Protection and Resource Use Goals). <b>(BUR)</b>  | 974                   | 900                 | 916                   | 900                               | 950                         | 1,200               | 250<br>+26%                                    | 1,200                          |
| Customer satisfaction rate for TIPS training (applies to both the Environment Protection and Resource Use Goals). <b>(BUR)</b>                                   | 91%                   | 89%                 | 90%                   | 89%                               | 89%                         | 89%                 | 0  | 89%                            |

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| <b>Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value</b>  |        |        |         |        |        |        |             |        |
|---|--------|--------|---------|--------|--------|--------|-------------|--------|
| Percent of active sites that are free of off-site impacts. <u>1/</u> (SP) (PART)  | 92.3%  | 93%    | 93%*    | 93%    | 93%    | 93%    | 0           | 93%    |
| Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. <u>1/ 2/</u> (SP) (PART)   | 48,528 | 70,000 | 49,054* | 70,000 | 70,000 | 70,000 | 0           | 70,000 |
| Customer satisfaction in the quality and timeliness of AVS provided services. (BUR)   | 98%    | 95%    | 98%     | 95%    | 95%    | 95%    | 0           | 95%    |
| Customer service rate in the quality of technical assistance (applies to both the Environment Protection and Resource Use Goals). (BUR)   | 100%   | 94%    | 100%    | 94%    | 94%    | 94%    | 0           | 94%    |
| Percent satisfaction with the scientific and technical products and assistance (applies to both the Environment Protection and Resource Use Goals). (BUR)   | 93%    | 92%    | 97%     | 92%    | 92%    | 92%    | 0           | 92%    |
| Customer effectiveness rate in the quality of technical training – NTTP (applies to both the Environment Protection and Resource Use Goals). (BUR)  | 96%    | 92%    | 97%     | 93%    | 93%    | 93%    | 0           | 93%    |
| Number of students trained – NTTP (applies to both the Environment Protection and Resource Use Goals). (BUR)  | 974    | 900    | 916     | 900    | 950    | 1,200  | 250<br>+26% | 1,200  |
| Customer satisfaction rate for TIPS training (applies to both the Environment Protection and Resource Use Goals). (BUR)   | 91%    | 89%    | 90%     | 89%    | 89%    | 89%    | 0           | 89%    |
| <b>Serving Communities End Outcome Goal 4.1: Protect lives, resources and property.</b>   |        |        |         |        |        |        |             |        |
| Number of people with reduced exposure potential to safety risks from abandoned mine lands. <u>1/ 2/ 5/</u> (SP) (PART)   | UNK    | 10,000 | 160,257 | 11,000 | 11,000 | 11,000 | 0           | 11,000 |
| Percentage of declared emergencies abated within six months. <u>1/ 2/</u> (PPM)   | UNK    | 92%    | 98%     | 95%    | 95%    | 95%    | 0           | 95%    |
| Number of people directly affected (Emergencies abated). <u>1/ 2/</u> (PPM)   | UNK    | 8,250  | 11,400  | 8,250  | 8,250  | 8,250  | 0           | 8,250  |
| <p><u>1/</u> OSM collects information through various information systems and from various States and Tribes participating in OSM programs. The information is considered reliable for indicating performance trends and being the basis for decision making. <u>2/</u> Baseline data was not available when determining projections. Projections to be revised to reflect actual data. <u>3/</u> For simplifying reporting, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres. <u>4/</u> Reduction in target for FY 2005 Revised Plan reflects funding request not enacted. <u>5/</u> Information calculated from projects reported completed in AMLIS matched with the number of people residing within one mile radius of project calculated from census tract data.</p> <p>* Estimated data: State regulatory authorities provided data for the time period July 1, 2003, to June 30, 2004, to accommodate the accelerated publishing requirements of the OSM Annual Report. Federal program data submitted for the federal fiscal year. SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM = Proposed PART Measure; BUR = Bureau Measure; UNK = data unavailable</p> |        |        |         |        |        |        |             |        |

**FINANCIAL MANAGEMENT**

(dollars in thousands)

|                               |        | 2004<br>Actual | 2005<br>Estimated | Uncontroll.<br>& Related<br>Changes<br>(+/-) | Program<br>Changes<br>(+/-) | 2006<br>Request | Change<br>from<br>2005<br>(+/-) |
|-------------------------------|--------|----------------|-------------------|--|-----------------------------|-----------------|---------------------------------|
| Regulation<br>&<br>Technology | \$\$\$ | 485            | 485               | 6  | -3                          | 488             | +3                              |
|                               | FTE    | 3              | 2                 | 0  | 0                           | 2               | 0                               |
| Abandoned<br>Mine Land        | \$\$\$ | 6,184          | 8,444             | 115  | -2,325                      | 6,234           | -2,210                          |
|                               | FTE    | 50             | 50                | 0  | 0                           | 50              | 0                               |
| TOTAL                         | \$\$\$ | 6,669          | 8,929             | 121  | -2,328                      | 6,722           | -2,207                          |
|                               | FTE    | 53             | 52                | 0  | 0                           | 52              | 0                               |

This business line provides resources for the Financial Management program activity. OSM carries out its financial management program responsibilities through three activities: fee compliance, revenue management, and grants management.

- Fee compliance covers the collection, accounting, audit and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.
- Grants management includes accounting for and reporting on grants awarded to State and Tribes for AML and regulatory purposes.
- Revenue management involves the accounting and collection of revenue other than reclamation fees, such as civil penalties assessed under Federal citations for mining violations and Federal performance bonds forfeited by coal mine permittees.

Financial Management operations are an integral part of OSM's Environmental Restoration and Environmental Protection mission goal areas supporting the Department's Resource Use and Resource Protection goals. State and Tribal grant funding (reclamation and regulatory) disbursement for the administration of regulatory activities and reclamation clean up projects is managed through this program activity. OSM, States, and Tribes fund reclamation project work through the fees collected from current mine operators after they are appropriated by Congress annually. These projects clean up environmental hazards resulting from past mining operations that degrade land and water resources. The regulatory grants fund administration of State regulatory programs that protect people and the environment from adverse affects associated with current mining and ensures the land is restored at the conclusion of mining.

**Operational Processes (Program Activities):** OSM carries out its program financial management responsibilities through three activities: fee compliance, revenue management, and grants management. This business line does not include administrative accounting or reporting for appropriated funds.

- |  |
|--|
| <p style="text-align: center;"><b>Fee Compliance</b></p> <ul style="list-style-type: none"><li>• <i>Company Reporting</i></li><li>• <i>Collection</i></li><li>• <i>Accounting</i></li><li>• <i>Audits</i></li><li>• <i>Investment of AML Fees</i></li><li>• <i>Compliance Assistance to Operators</i></li><li>• <i>Regulatory and Policy</i></li><li>• <i>Development on Fee compliance issues</i></li></ul> <p style="text-align: center;"><b>Grants Management</b></p> <ul style="list-style-type: none"><li>• <i>Accounting and Reporting</i></li></ul> <p style="text-align: center;"><b>Revenue Management</b></p> <ul style="list-style-type: none"><li>• <i>Accounting and collection of revenue other than AML fees (e.g. civil penalties and Federal performance bonds)</i></li></ul> |
|--|

Fee compliance covers the company reporting, collection, accounting, audit, and investment of abandoned mine reclamation fees, assistance to operators on compliance matters, and regulatory and policy development on fee compliance issues.

Grants management includes accounting for and reporting on grants awarded to States and Tribes for AML and regulatory purposes.

Revenue management involves the accounting and collection of revenue other than reclamation fees, such as civil penalties assessed under Federal citations for mining violations and Federal performance bonds forfeited by coal mine permittees.

The Financial Management business line supports accomplishment of OSM's Environmental Restoration and Protection mission goals through the collection of fees used for reclamation work and management of reclamation and regulatory grant funds.

The outcome of OSM's Financial Management program performance is mostly measured by the success of the Surface Mining Program in carrying out the two major missions of the organization -- Environmental Restoration and Environmental Protection. The Financial management business line is an integral part and supports accomplishment of both missions. In addition, OSM identified workload indicators for this business line as measures of the efficiency and effectiveness of financial management operations. These measures or indicators include: the Office of Inspector General financial statement audit opinion for fee compliance, revenue management, grants financial services; and, the fee collection rate for operators reporting coal tonnage.

**Actions Required to Achieve Annual Goals:** OSM will use technology to increase compliance and improve processing of collections. This includes using the Internet to ease the coal companies' reporting burden, receive quarterly coal production reports, provide information to companies, and allow companies to make payments on-line. OSM will continue to use new and streamlined collection services as they become available and will work with customers and stakeholders to ensure fair and consistent policies.

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In FY 2006, OSM will continue to pursue opportunities to participate in e-government projects, such as, building a node off the Small Business Administration's 'Business Compliance One Stop and Health and Human Services E-grants in support of the Administration's e-government initiative. OSM will also complete the FEEBACS redesign project which will consolidate three outdated subsidiary systems into one contemporary system. The redesign project will provide the ongoing systems support needed to assure the continued success of the fee compliance program.

In accordance with guidelines established by the Chief Financial Officer's Council, OSM is converting to a new grant disbursement system. OSM will need to ensure a smooth transition to the new system through cooperative training with Treasury and customer service. OSM has over 157 grants and cooperative agreements with the States and Tribes, accounting for over \$301 million.

**Resources, Skills, and Technology Needed:** To support program activities and to ensure that operators continue to support the surface mining program by paying appropriate fees, OSM plans to maintain a highly trained cadre of fee compliance auditors, program accountants, and financial systems personnel. Training will continue so that financial management personnel maintain a high level of skill and technical expertise. OSM will also continue to use contractors to handle billing, data entry and appropriate collection functions, and redesign the principal systems that support the Fee Compliance Program.

The following section details, by program activity, the funding and FTE resources required to meet the performance measures.

**Table 12 – Justification of Program and Performance  
Financial Management**  
Summary Increases/Decreases for FY 2006  
(Dollars in Thousands)

| Program Activity            |        | Regulation & Technology |                   |                 | Abandoned Mine Lands |                  |                 | Total          |                  |                 | Inc/<br>Dec |
|-----------------------------|--------|-------------------------|-------------------|-----------------|----------------------|------------------|-----------------|----------------|------------------|-----------------|-------------|
|                             |        | 2004<br>Actual          | 2005<br>Estimated | 2006<br>Request | 2004<br>Actual       | 2005<br>Estimate | 2006<br>Request | 2004<br>Actual | 2005<br>Estimate | 2006<br>Request |             |
| Fee Compliance              | \$\$\$ | 0                       | 0                 | 0               | 6,100                | 8,359            | 6,147           | 6,100          | 8,359            | 6,147           | -2,212      |
|                             | FTE    | 0                       | 0                 | 0               | 49                   | 49               | 49              | 49             | 49               | 49              | 0           |
| Revenue Management          | \$\$\$ | 395                     | 394               | 395             | 0                    | 0                | 0               | 395            | 394              | 395             | +1          |
|                             | FTE    | 2                       | 1                 | 1               | 0                    | 0                | 0               | 2              | 1                | 1               | 0           |
| Grants Financial Management | \$\$\$ | 90                      | 91                | 93              | 84                   | 85               | 87              | 174            | 176              | 180             | +4          |
|                             | FTE    | 1                       | 1                 | 1               | 1                    | 1                | 1               | 2              | 2                | 2               | 0           |
| TOTAL                       | \$\$\$ | 485                     | 485               | 488             | 6,184                | 8,444            | 6,234           | 6,669          | 8,929            | 6,722           | -2,207      |
|                             | FTE    | 3                       | 2                 | 2               | 56                   | 50               | 50              | 53             | 52               | 52              | 0           |

## **ONGOING PROGRAM**

### **1. Fee Compliance**

The fee compliance activity provides funding used by OSM, States and Tribes to restore land and water degraded by past mining practices to beneficial uses. The fee is collected from active coal operators based upon tons of coal produced and sold. The use of this money funds the accomplishment of the Department's Resource Protection goal.

OSM's Fee Compliance Program carries out SMCRA's requirements to ensure coal operators accurately report tonnage and pay reclamation fees. The program goal is to maximize compliance by fairly and consistently applying policy and collection procedures at a reasonable cost. In FY 2004, the program achieved a 99.9 percent collection rate resulting in \$287 million in total collections. The program achieved a 92.9 percent compliance rate for operators filing their tonnage reports on time. After working closely with the industry, 98 percent of the required reports were filed. OSM also increased the percent of permits that filed OSM-1 reports electronically, from 38 percent in FY 2003 to 44 percent in FY 2004. OSM's goal is to increase the percent of permits that file electronically, to provide better service to coal companies and to realize the benefits of E-government. In terms of efficiency, the total direct program cost was less than two percent of the amount collected.

The Fee Compliance Program is comprised of two highly integrated components, -- collections and audits -- that work hand-in-hand to maximize compliance, minimize the burden on industry, and ensure the efficient use of resources. For example, key initiatives that these components will pursue in FY 2006 include:

- Replacing the current Fee Billing and Collection System (FEEBACS), the Audit Fee Billing and Collection System (AFBACS) and the Civil Penalty Accounting and Collection System (CPACS) into one contemporary system that can be maintained into the future. The new system will provide reliable support, at less cost to operate and maintain than the three existing, outdated systems.
- Implementing a consolidated coal data reporting system. This project is being coordinated with other Federal and state agencies that collect information from the coal industry. It is intended to allow companies to electronically report information one time for multiple government uses.
- Expanding coal companies' use of electronic tonnage reporting and fee payment systems. These mechanisms offer efficiencies for both the industry and government.

Details on these and other services the collection and audit components provide are described in the following sections.

*a. AML Fee Collection*

The collection component assures that the AML Fee payment requirements of SMCRA are consistently and fairly applied across the country, creating a level playing field for all coal companies. In FY 2004, OSM collected 86 percent of the AML Fees due during the year. Total AML Fee collections were \$287 million.

To assist in managing AML Fee collections, OSM utilizes the Fee Billing Accounting and Collection System (FEEBACS). This computerized system provides subsidiary accounts receivable and management information needed to manage the fee compliance program. FEEBACS is integrated with the Applicant Violator System to track new permits from initial permitting through fee reporting. AML fee payments are tracked by permit number of producing coal companies for each quarter of the year. In addition, the system issues quarterly OSM-1 coal reclamation fee reports for industry coal sale reporting and fee computation. The package includes all data available on potentially producing permits to simplify the reporting requirements by industry. The forms are pre-printed and mailed to the companies to facilitate tonnage reporting and fee payment. Beginning in 2001, companies could elect to report over the Internet, using the E-filing system described below.

OSM-1 Reports covering over 2,600 permits are processed each quarter. OSM has developed an internet-based system to allow coal companies to file their quarterly coal production reports electronically. Companies report that the system saves them time and money. This is evidenced by the fact that over 290 companies voluntarily use the E-filing system. The companies use the system to report on over 1,100 permits and approximately 81% of the coal tonnage produced in the country. The new system helps streamline the reporting process, makes it easier for companies to report on time, reduces errors, and makes it easier to follow-up with companies that have not reported. During FY 2002, the system was enhanced to allow companies to make payment online, using the Treasury Department's Pay.Gov payment method. This new feature saves companies time and wire transfer costs, while providing OSM with faster information about collections for investment purposes. Over 46 percent of reclamation fees were paid electronically using Pay.Gov, in the third quarter of 2004. During FY 2005 and 2006, OSM plans to continue promoting the use of E-filing and online payment by companies.

OSM will implement the redesigning Fee Billing and Collection System (FEEBACS) in 2006. The redesigned system will assure the ongoing support for the Fee Compliance Program and reduce costs by:

- 1) Averting a system failure to business processes that generate approximately \$287 million a year in collections, and by avoiding the costs required to fix such a failure. We estimate that a major system failure would cost a minimum of \$710,000 in lost fee collections.
- 2) Migrating two of the existing systems off of their current hardware. The two systems reside on the same computer system as the administrative accounting system and its related subsidiary systems. OSM is migrating its administrative accounting system to a new Department-wide Financial and Business Management System.

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Once this occurs, OSM will have to continue to maintain and operate the host computer system to support the two existing collection systems—AFBACS and CPACS. The redesign of these two existing systems will eliminate the need to do this, and save an estimated \$139,000 in recurring annual maintenance costs (current dollars). The redesign will also eliminate \$96,411 a year in software maintenance costs. The new system will allow OSM to readily contract out software maintenance and reduce costs.

- 3) Eliminating the need to replace existing hardware that is going off-maintenance in 2006 and re-writing the AFBACS and CPACS systems. This will save an additional \$1.02 million.

This project will improve efficiencies by:

- 1) Re-engineering and streamlining business processes. OSM currently incurs \$540,000 a year in non-computer operating costs that could be reduced with the new system. Although we cannot currently predict the total efficiency savings from this project, a 15 percent efficiency gain would be a conservative estimate. A 15 percent efficiency gain would save \$81,000 per year. Over ten years, this adds up to \$1,057,000 in operating savings adjusted for inflation.
- 2) Replacing three outdated systems with one system.
- 3) Potentially reducing the cost of data collection by partner agencies.

**FEEBACS/AFBACS/CPACS Redesign**

The table below illustrates the anticipated component reductions that OSM will achieve with the redesigned system. In total, this project will deliver \$5,445,000 in cost avoidance over ten years, as outlined in the following table:

| <b>Benefits:</b>                                    | <b>Amount</b>      |
|---|--------------------|
| Maintenance Savings – Combining Systems:            | \$2,658,000        |
| Operating Savings – Streamlined Business Processes: | 1,057,000          |
| Replacement Cost Avoidance – AFBACS & CPACS:        | 1,020,000          |
| Additional Fee Collections:                         | 710,000            |
| <b>Total Reductions:</b>                            | <b>\$5,445,000</b> |

OSM expects to be able to implement a consolidated single reporting form for coal companies to use to report to multiple Federal and State agencies. OSM conducted a pilot test of this concept in 2003, with the Internal Revenue Service, the Mine Safety and Health Administration, the Small Business Administration, the State of Pennsylvania, the Interstate Mining Compact Commission and a volunteer group of twenty coal companies. Eighty percent of the companies participating in the test reported that it saved them time.

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A study conducted by the partner agencies showed that it would be cost-effective to develop a consolidated single source coal reporting system. During FY 2005, OSM will work with the partner agencies and the Small Business Administration to plan and coordinate the development of the system with SBA's Business Gateway initiative. Development of the system will depend on funding being provided by the other partners and/or SBA.

### *b. AML Fee Audit*

SMCRA requires OSM to conduct audits to ensure full compliance with the law's reclamation fee requirements, so funds are available for State, Tribal, and Federal reclamation efforts. To meet that mandate, the compliance program is designed to promote timely and accurate reporting of coal tonnage and to ensure correct fee payments. In addition to conducting audits, this includes providing the information and assistance operators need to comply, and taking enforcement action when non-compliance occurs.

The audit staff is strategically located in field offices in most of the coal-producing areas, which is instrumental in providing direct service to coal operators. To ensure quality, all work is carried out in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The continuing professional education and training of OSM's auditing staff is emphasized in accordance with those standards.

By structuring the audit program so that all companies have the potential to be audited, an effective deterrent to noncompliance is always present. To support the program goal of maximizing compliance, OSM auditors will conduct more than 150 audits and compliance checks in FY 2006. Beyond the deterrent effect, this provides an opportunity to directly assist industry on accounting and reporting matters. For example, when instances of non-compliance are identified, the auditors explain each issue and how similar occurrences can be avoided in the future.

Auditors also provide several other services necessary to achieve a high level of compliance. The following are a few examples of the work planned for FY 2006.

- *Examining all permit transactions recorded by regulatory authorities:* The audit staff will need to review more than 1,000 newly issued coal mining permits and transactions (transfers and amendments), which can affect the parties responsible for paying fees. About 1,800 were handled in FY 2004. By continuing these efforts, the program has greater assurance that all producing permits are identified in a timely manner, and operators are informed of their reporting and payment responsibilities.
- *Developing necessary revisions to the fee requirements:* The auditors have the most direct contact with operators and the subject-matter expertise to identify, develop, test, and implement any needed changes. This is part of an ongoing effort to ensure fairness and a level playing field among all operators in paying fees, and to minimize the compliance burden.
- *Promoting E-government:* The first aspect will cover promoting electronic tonnage reporting and fee payment by demonstrating the systems for companies during audits.

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- The second will entail outreach sessions with industry for input on the consolidated coal data reporting project.
- *Coordinating work with the Internal Revenue Service:* OSM will continue working with the IRS to have the fee compliance and coal excise tax compliance programs more efficient. SMCRA requires OSM to forward audit results to the IRS and both agencies coordinate issues affecting the industry.

Overall, there also will be a continued emphasis on customer service. Industry feedback on the FY 2004 audits indicated that all customer service standards were met, which is critical to maximizing compliance and collections.

**Table 13 - Actual and Estimated Deposits to the AML Fund  
 AML Production Fees**  
 (Production in millions of tons)  
 (Dollars in Millions)

|              | 2004<br>"Actuals" | 2004 Projections<br><i>(as submitted in FY 2003)</i> |     | 2005 Projections |     | 2006 Projections |     | 2007 Projections |     |
|--------------|-------------------|--|-----|------------------|-----|------------------|-----|------------------|-----|
|              |                   | DOE  | OSM | DOE              | OSM | DOE              | OSM | DOE              | OSM |
| Production * |                   |  |     |                  |     |                  |     |                  |     |
| Underground  | 350               | 370  | 388 | 367              | 359 | 366              | 357 | 374              | 365 |
| Surface      | 641               | 635  | 618 | 729              | 684 | 729              | 684 | 748              | 704 |
| Lignite      | 86                | 98   | 85  | 83               | 90  | 84               | 91  | 85               | 92  |
| AML Fees **  | \$287.0           | \$292.2  |     | \$303.7          |     | \$303.8          |     | \$311.8          |     |

*\*DOE Production is based on the Department of Energy (DOE) Table 111 "Annual Energy Outlook 2005, Reference Case Forecast".. OSM tonnage uses the last reported production (Fiscal Year 2004) and then increases or decreases based on the percentage increase or decrease in DOE production for each coal type. The OSM projections are usually lower because AML fees are assessed on the tonnage sold, used, or transferred while the DOE figures are based on the tonnage produced.*

*\*\*AML Fees are calculated based on the OSM tonnage estimates multiplied by the applicable fee rate: \$.15, \$.35, and \$.10 for underground, surface, and lignite, respectively. This calculation is then adjusted for moisture content, reduced coal prices and fees, administrative fees and uncollectible fee estimates. Current Authority to collect AML fees ends on June 30, 2005. The AML fee projections for FY 2005, 2006, and 2007 assume continuation of current legislation.*

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**Table 14 – Summary Status of Abandoned Mine Reclamation Fund**

| Fiscal Year | Receipts and Interest Income |                 |            | Appropriations                       |          |                                      |                     |            | Cumulative Unappropriated AML Fund Balance |
|-------------|------------------------------|-----------------|------------|--------------------------------------|----------|--------------------------------------|---------------------|------------|--|
|             | Amount                       | Interest Earned | Cumulative | Amount Appropriated from AML Fund /1 | footnote | Appropriations from Other Sources /2 | Transfer To UMWACBF | Cumulative |  |
| 1978        | 105,444                      |                 | 105,444    | 36,647                               |          |                                      |                     | 36,647     | 68,797                                     |
| 1979        | 184,433                      |                 | 289,877    | 61,451                               |          |                                      |                     | 98,098     | 191,779                                    |
| 1980        | 199,000                      |                 | 488,877    | 94,843                               |          |                                      |                     | 192,941    | 295,936                                    |
| 1981        | 192,657                      |                 | 681,534    | 82,485                               |          |                                      |                     | 275,426    | 406,108                                    |
| 1982        | 222,644                      |                 | 904,178    | 115,333                              |          |                                      |                     | 390,759    | 513,419                                    |
| 1983        | 197,196                      |                 | 1,101,374  | 213,079                              |          |                                      |                     | 603,838    | 497,536                                    |
| 1984        | 216,554                      |                 | 1,317,928  | 271,228                              |          |                                      |                     | 875,066    | 442,862                                    |
| 1985        | 226,426                      |                 | 1,544,354  | 296,941                              |          |                                      |                     | 1,172,007  | 372,347                                    |
| 1986        | 219,162                      |                 | 1,763,516  | 197,277                              |          |                                      |                     | 1,369,284  | 394,232                                    |
| 1987        | 215,304                      |                 | 1,978,820  | 203,720                              |          |                                      |                     | 1,573,004  | 405,816                                    |
| 1988        | 229,890                      |                 | 2,208,710  | 199,380                              | /1       | 7,000                                |                     | 1,772,384  | 436,326                                    |
| 1989        | 235,493                      |                 | 2,444,203  | 193,160                              |          |                                      |                     | 1,965,544  | 478,659                                    |
| 1990        | 243,519                      |                 | 2,687,722  | 192,772                              |          |                                      |                     | 2,158,316  | 529,406                                    |
| 1991        | 243,761                      |                 | 2,931,483  | 198,955                              |          |                                      |                     | 2,357,271  | 574,212                                    |
| 1992        | 241,954                      | 39,328          | 3,212,765  | 187,803                              |          |                                      |                     | 2,545,074  | 667,691                                    |
| 1993        | 238,153                      | 30,633          | 3,481,551  | 187,930                              |          |                                      |                     | 2,733,004  | 748,547                                    |
| 1994        | 244,296                      | 40,090          | 3,765,937  | 190,107                              | /2       | 7,200                                |                     | 2,923,111  | 842,826                                    |
| 1995        | 255,416                      | 61,730          | 4,083,083  | 182,386                              |          |                                      |                     | 3,105,497  | 977,586                                    |
| 1996        | 256,451                      | 69,383          | 4,408,917  | 173,887                              |          |                                      | 47,184              | 3,326,568  | 1,082,349                                  |
| 1997        | 266,783                      | 81,006          | 4,756,706  | 177,085                              |          |                                      | 31,374              | 3,535,027  | 1,221,679                                  |
| 1998        | 273,039                      | 67,031          | 5,096,776  | 177,624                              | /3       | 3,163                                | 32,562              | 3,745,213  | 1,351,563                                  |
| 1999        | 276,674                      | 82,831          | 5,456,281  | 185,392                              |          |                                      | 81,766              | 4,012,371  | 1,443,910                                  |
| 2000        | 274,297                      | 94,370          | 5,824,948  | 195,873                              | /4       |                                      | 108,959             | 4,317,203  | 1,507,745                                  |
| 2001        | 284,044                      | 103,496         | 6,212,488  | 215,038                              | /5       |                                      | 182,018             | 4,714,259  | 1,498,229                                  |
| 2002        | 287,066                      | 43,278          | 6,542,832  | 203,455                              | /6       |                                      | 90,179              | 5,007,893  | 1,534,939                                  |
| 2003        | 282,555                      | 23,620          | 6,849,007  | 190,499                              | /7       |                                      | 89,858              | 5,288,250  | 1,560,757                                  |
| 2004        | 287,023                      | 45,694          | 7,181,724  | 190,591                              |          |                                      | 14,966              | 5,493,807  | 1,687,917                                  |
| 2005        | 303,688                      | 72,044          | 7,557,456  | 88,205                               |          |                                      | 6,533               | 5,748,545  | 1,808,911                                  |
| 2006        | 303,777                      | 83,128          | 7,944,361  | 189,539                              |          |                                      | 70,054              | 6,008,138  | 1,936,223                                  |

/1 Total does not include \$7M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/2 Total includes \$7.2 M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/3 Total does not include 3.2M transferred into the fund by supplemental authority, which does not affect the Unappropriated Balance.

/4 Total includes one-time \$68M emergency appropriation, as well as the annual appropriation of \$41m.

/5 Total includes annual amount of \$102.9M, as well as \$81.6M of the one-time \$96.7M mandated under PL 106-291.

/6 Total includes annual amount of \$113.6M, less \$23.4M returned by UMWACBF trustees mandated under PL 106-291.

/7 Total includes annual amount of \$56M as well as \$33.8M mandated under PL108-7.

Note: FY 2005 figures are estimates except for appropriations and transfers.

FY 2006 figures are estimates.

## **2. Grant Financial Management**

This activity accounts for and disburses reclamation and regulatory grants to States and Tribes under OSM's Environmental Restoration and Environmental Protection business lines. Grants represent the majority of OSM's budget and fund the protection and restoration of land, water, and structures adversely affected by mining operations (past and present). The grants financial management activity includes the disbursement, accounting, reporting and recovery of grant funds. It also includes the computer systems used to support these functions. A little more than half of the funding request (\$0.93 million) supports DOI's Resource Use goal and \$0.87 million supports DOI's Resource Protection goal.

OSM is in the process of converting its accounting systems to the Department's Financial and Business Management System (FBMS). This conversion includes a product called EGrants Plus, a comprehensive grants management system that is intended to facilitate all functions related to the administration of financial assistance programs. Implementation of EGrants Plus will cover two deployments. Deployment 1A is planned to be implemented by March 15, 2005 and will handle many of administrative functions related to financial assistance programs. Under Deployment 1A, existing financial structures (ABACIS, GIFTS, and DDX) will continue to be operational. Deployment 2A will integrate the financial processes with the administrative functions that will have been implemented in Deployment 1A. Implementation under Deployment 2A is anticipated in October 2005.

Under current financial structures, the grant disbursement system allows States and Tribes to request funds and receive payments on their grant awards within one day. The grants tracking system allows grant specialists to track grant awards, disbursements and costs, and manage the grant financing. Grant awards are entered into the Grants Information Financial Tracking System (GIFTS) to establish a grant account balance. As States and tribes need funds, they submit a drawdown request for funds through OSM's on-line Draw-Down Express System. The Draw-Down Express System automatically checks GIFTS to assure that funds are available. If funds are available, the system approves the disbursement and a payment is issued. GIFTS is updated as payments are made. As States and Tribes spend the grant funds they have received, they submit cost reports, which are entered into the system. GIFTS gives OSM grant specialists and States and tribes on-line reports, which show the status of grant funds.

During FY 2006, OSM plans to meet or exceed the following measure:

- 95 percent of States and tribes will rate our services as satisfactory or better.

The Table on the following page details the AML Unappropriated Balance as of September 30, 2004, by a description of its allocation.

Office of Surface Mining Reclamation and Enforcement

Office Of Surface Mining  
 AML Unappropriated Balance  
 September 30, 2004  
 Prepared by the Division of Financial Management

Total Funds to be Allocated: \$1,687,916,133.98

| Description of Allocation        | Balance as of 10/03/03 1/ | LESS: 2004 Appropriation  | LESS: 2004 5/ UMWBF Transfer | Post Appr. & Trans. Balance | Investment Int. 10/03/03-9/30/04 | Collections for 10/03/03-9/30/04 | Balance As Of 9/30/04     |
|----------------------------------|---------------------------|---------------------------|------------------------------|-----------------------------|----------------------------------|----------------------------------|---------------------------|
| RAMP Allocation                  | \$302,305,276.22          | \$0.00                    | \$0.00                       | \$302,305,276.22            | \$0.00                           | \$29,114,265.81                  | \$331,419,542.03          |
| Federal Expense 2/               | \$57,681,338.28           | (\$56,118,363.97)         | \$0.00                       | \$1,562,974.31              | \$0.00                           | \$58,228,531.63                  | \$59,791,505.94           |
| Historical Coal 3/               | \$128,461,235.28          | (\$56,284,801.00)         | \$0.00                       | \$72,176,434.28             | \$0.00                           | \$58,228,531.63                  | \$130,404,965.91          |
| UMWA                             | \$65,894,576.90           | \$0.00                    | (\$14,966,928.69)            | \$50,927,648.21             | \$45,694,565.65                  | \$0.00                           | \$96,622,213.86           |
| <b>Total Fed Share 1/ and 4/</b> | <b>\$554,342,426.68</b>   | <b>(\$112,403,164.97)</b> | <b>(\$14,966,928.69)</b>     | <b>\$426,972,333.02</b>     | <b>\$45,694,565.65</b>           | <b>\$145,571,329.07</b>          | <b>\$618,238,227.74</b>   |
| <b>Total State Share</b>         | <b>\$1,006,413,928.68</b> | <b>(\$78,188,093.00)</b>  | <b>\$0.00</b>                | <b>\$928,225,835.68</b>     | <b>\$0.00</b>                    | <b>\$141,452,070.56</b>          | <b>\$1,069,677,906.24</b> |
| <b>Total</b>                     | <b>\$1,560,756,355.36</b> | <b>(\$190,591,257.97)</b> | <b>(\$14,966,928.69)</b>     | <b>\$1,355,198,168.70</b>   | <b>\$45,694,565.65</b>           | <b>\$287,023,399.63</b>          | <b>\$1,687,916,133.98</b> |

- 1/ With Public Law 106-291, Congress authorized a transfer to the United Mine Workers Combined Benefit Fund using interest earned in FY 1992-1995. \$78,976,478.05 (net of \$173,996.17, a Congressionally reduced appropriation, subsequently restored) was transferred under this law, \$23,427,452.36 (net) was returned to OSM in 2002, leaving a remaining balance in this pool of \$41,133,755.64. Due to a downturn in interest rates, this pool is now depleted
- 2/ The Federal Expense Distribution was calculated using 2004 distribution levels
- 3/ The Historical Coal Distribution was calculated using 2004 distribution levels
- 4/ This amount includes interest income received of \$39,328,466.11 prior to 10/01/92. Per Congressional appropriation language, OSM used \$7,000,000 of that leaving remaining interest earned of \$32,328,466.11.
- 5/ \$14,966,928.69 is the amount transfered at the beginning of FY 2004 to the United Mine Workers Benefit Fund for estimated expenses in FY 200 and for adjustments to actual expenditures in FY 1996, FY 1997, FY 1998, FY 1999, FY 2000, FY 2001, FY 2002 and FY 2003.  
 Afbacs is reflecting an .08 increase in 2004 that ABACIS recognized in 1997

### **3. Revenue Management**

The Revenue Management activity involves managing a variety of non-fee revenues and receivables that come from the agency's operations. These include the following:

- Federal civil penalties issued for mining violations. The total outstanding balance of open civil penalty cases was \$412,578 at the end of FY 2004, including interest and late charges. New civil penalties recorded in FY 2004 totaled \$318,400.
- Bond forfeitures by federally permitted mining companies.
- Fees for mine permit reviews and blaster certification training.

The bonds and penalties assessed ensure responsible management practices in the extraction of coal resources. Levy of penalties and fees help to ensure operators compliance with coal mining regulations and ensure the land is restored to beneficial use at the conclusion of mining operations.

Civil penalty collections are used to reclaim post-SMCRA mine sites. To maximize the collection rate on civil penalties, OSM uses all of the debt collection tools available. These tools include demand letters, personal contact with the debtor, use of payment plans, referral to private collection agencies or the Department of Treasury, litigation through the Solicitor's Office, and referral to the Department of Treasury for payment offset. Additionally, delinquent civil penalties are reported to the Applicant Violator System so that violators and debtors do not obtain permits to mine coal until the outstanding debt and violations have been resolved. These are the same tools used in the AML Fee collection program. However, because the majority of the companies that incur AML Fees are viable, the collection rate for AML Fees is higher than the collection rate for civil penalties.

During 2005-2006 OSM plans to continue to refer civil penalty debt that is more than 180 days delinquent to the Department of Treasury for collection, in accordance with the Debt Collection Improvement Act of 1996. OSM has a memorandum of understanding with the Department of Treasury whereby they will provide collection services on debts over 180 days delinquent. During FY 2004, OSM referred 100 percent of qualifying civil penalty debts to Treasury.

Bond forfeitures on federally permitted lands are used to reclaim mine sites when a company fails to perform reclamation. It is a positive indicator that bond forfeitures have declined over the past three years.

**FY 2004 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2004, the major accomplishments in the Financial Management program activity include:

- OSM received its 14th consecutive unqualified audit opinion on our FY 2004 financial statements. No material weaknesses identified.
- OSM increased electronic coal reclamation fee reporting to 44% of permits, and increased the amount of fees collected electronically through Pay.Gov to 46%.
- OSM Collected \$287,023,400 in fees from active coal mine operators that will be used to reclaim lands abandoned prior to passage of the Surface Mining Law in 1977.
- OSM Distributed \$158,600,169 to state abandoned mine programs to reclaim abandoned mine land health and safety hazards and \$56,863,762 to state coal mine regulatory programs.

**FY 2005 PLANNED PROGRAM PERFORMANCE**

- OSM plans to begin the redesign of three critical collection systems.
- OSM plans to achieve the following performance measures.

|   | <b>FY 2004 Actual</b> | <b>FY 2005 Plan</b> | <b>FY 2005 Plan versus<br/>FY 2004 Actual</b> |
|---|-----------------------|---------------------|---|
| Fee collection rate (after action). (BUR)                   | 99.9%                 | 99%                 | -.86%<br>(-.86%)                              |
| Increase the number of permits reporting by e-filing. (BUR) | 44%                   | 45%                 | 1%<br>(+1%)                                   |
| Customer satisfaction with Grants Financial Services. (BUR) | 100%                  | 95%                 | -5%<br>(-5%)                                  |

Accomplishment Data: OSM has various internal controls and system capabilities to assure accurate and timely reporting of data related to program performance. Additionally, the financial data and measures for this business line are subject to audit annually by the Department of the Interior's Office of the Inspector General.

BUR = Bureau Measure.

**JUSTIFICATION OF 2006 PROGRAM CHANGES**

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| Financial Management | FY 2006 Budget Request | Program Changes (+/-) |
|----------------------|------------------------|-----------------------|
| \$(000)              | 6,662                  | -2,328                |
| FTE                  | 52                     | 0                     |

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Fee Compliance (-\$2,300,000) - The 2005 program change was a one-time increase to redesign OSM's aging collection systems. Funding was provided in FY 2005 and will be eliminated in FY 2006. The re-design project will take approximately 11 months to complete and will deliver \$5,445,000 in savings/cost avoidance over ten years.

Federal Vehicle Fleet (-\$ 2,000) - In 2004, the Department began a collaborative initiative to improve fleet management, developed a strategic plan, and began to implement recommendations from a review of the program conducted by the Office of Inspector General. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and vehicles that have surpassed their lifecycle, use of fleet performance measures, energy-saving practices and expanded use of alternate-fueled vehicles, and expanded leasing. The Department-wide strategy for improved fleet management includes migrating fleet management programs to a more standardized operational model that promotes energy-saving technologies, the development of fleet composition baselines and multi-year plans, improved performance metrics that address efficiency and effectiveness, vehicle and motor pool sharing, and purchase and lease arrangements that consider seasonal workforces.

On an annual basis, Interior spends over \$160 million to operate and maintain its fleet of approximately 38,000 vehicles. Interior's improvement plan provides a goal for reduction to fleet expenditures of \$11 million in 2005 and an additional \$3.7 million in 2006. The reduction is OSM's share of the improvement plan for FY 2006.

Information Technology (-\$26,000) – Represents overall Bureau savings from FY 2005 to FY 2006 in IT investments.

Office of Surface Mining Reclamation and Enforcement

**FY 2005 FINANCIAL MANAGEMENT PERFORMANCE**

| <b>Resource Protection End Outcome Goal 1.1: Improve Health of Watersheds, Landscapes, and Marine Resources</b>  |                       |                     |                       |                                   |                             |                     |  |                                |
|--|-----------------------|---------------------|-----------------------|-----------------------------------|-----------------------------|---------------------|--|--------------------------------|
| <b>Measures:</b>   | <b>FY 2003 Actual</b> | <b>FY 2004 Plan</b> | <b>FY 2004 Actual</b> | <b>FY 2005 President's Budget</b> | <b>FY 2005 Revised Plan</b> | <b>FY 2006 Plan</b> | <b>Change in Performance 2005 Plan to 2006</b> | <b>Long-term Target (2008)</b> |
| Number of land acres reclaimed or mitigated from the effects of degradation from past mining. (Calculated equivalent acres) <u>1/</u> <u>3/</u> <u>4/</u> (SP) (PART)  | 6,539                 | 6,900               | 6,965                 | 8,200                             | 6,900                       | 8,200               | 1,300 +19%                                     | 8,200                          |
| Number of stream-miles for which degradation from past surface coal mining has been improved <u>1/</u> <u>2/</u> <u>4/</u> (SP) (PPM)  | UNK                   | 150                 | 33                    | 175                               | 35                          | 35                  | 0  | 35                             |
| Number of surface acres of water for which degradation from coal mining has been improved. <u>1/</u> <u>2/</u> <u>4/</u> (SP) (PPM)  | UNK                   | 150                 | 36                    | 175                               | 35                          | 35                  | 0  | 35                             |
| Number of partnering and leveraging agreements. <u>1/</u> <u>2/</u> (PPM)  | UNK                   | 56                  | 74                    | 56                                | 56                          | 56                  | 0  | 56                             |
| The amount of increased funds derived from active partnering and leveraging agreements. <u>1/</u> <u>2/</u> (PPM)  | UNK                   | 70,000              | 8.179 million         | 70,000                            | 70,000                      | 70,000              | 0  | 70,000                         |
| Increase the number of permits reporting by e-filing. (BUR)  | 38%                   | 40%                 | 44%                   | 45%                               | 50%                         | 50%                 | 0  | 55%                            |
| AML Fee Collection rate. (BUR)   | 99.8%                 | 99%                 | 99.9%                 | 99%                               | 99%                         | 99%                 | 0  | 99%                            |
| Customer satisfaction with Grants Financial Services. (BUR)  | 100%                  | 95%                 | 98%                   | 95%                               | 95%                         | 95%                 | 0  | 95%                            |
| <b>Resource Use End Outcome Goal 2.1: Manage or influence resource use, and ensure optimal value</b>   |                       |                     |                       |                                   |                             |                     |  |                                |
| Percent of active sites that are free of off-site impacts. <u>1/</u> (SP) (PART)   | 92.3%                 | 93%                 | 93%*                  | 93%                               | 93%                         | 93%                 | 0  | 93%                            |
| Number of acres where reclamation goals are achieved as evidenced by release from Phase III Performance Bonds. <u>1/</u> <u>2/</u> (SP) (PART)   | 48,528                | 70,000              | 49,054*               | 70,000                            | 70,000                      | 70,000              | 0  | 70,000                         |
| <p><u>1/</u> OSM collects information through various information systems and from various States and Tribes participating in OSM programs. The information is considered reliable for indicating performance trends and being the basis for decision making. <u>2/</u> Baseline data was not available when determining projections. Projections to be revised to reflect actual data. <u>3/</u> For simplifying reporting, reclamation results for each of the hazard types (e.g., number of open shafts, miles of stream, feet of highwall) listed in the inventory are converted to acres. <u>4/</u> Reduction in target for FY 2005 Revised Plan reflects funding request not enacted.</p> <p>*Estimated data: State regulatory authorities provided data for the time period July 1, 2003, to June 30, 2004, to accommodate the accelerated publishing requirements of the OSM Annual Report. Federal program data submitted for the federal fiscal year.</p> <p>SP = DOI Strategic Plan Measure; PART = Program Assessment Rating Tool Measure; PPM = Proposed PART Measure; BUR = Bureau Measure; UNK = data unavailable</p> |                       |                     |                       |                                   |                             |                     |  |                                |

**EXECUTIVE DIRECTION**

(dollars in thousands)

|                            |        | 2004<br>Actual | 2005<br>Estimate | Uncontroll.<br>Costs | Program<br>Changes<br>(+/-) | 2006<br>Budget<br>Request | Change<br>from<br>2005(+/-) |
|----------------------------|--------|----------------|------------------|----------------------|-----------------------------|---------------------------|-----------------------------|
| Regulation &<br>Technology | \$\$\$ | 13,391         | 14,505           | 639                  | -48                         | 15,096                    | +591                        |
|                            | FTE    | 63             | 64               | 0                    | 0                           | 64                        | 0                           |
| Abandoned Mine<br>Land     | \$\$\$ | 6,802          | 7,421            | 352                  | -27                         | 7,746                     | +325                        |
|                            | FTE    | 34             | 37               | 0                    | 0                           | 37                        | 0                           |
| TOTAL                      | \$\$\$ | 20,193         | 21,926           | 991                  | -75                         | 22,842                    | +916                        |
|                            | FTE    | 97             | 101              | 0                    | 0                           | 101                       | 0                           |

The Executive Direction business line functions are carried out at OSM's headquarters location in Washington, D.C. This business line includes the Director's and staff offices, information technology, administration, human resources, and internal financial management for the organization. Executive Direction provides internal executive direction and administrative support to programs, regions, and field offices through the development and coordination of agency policy, budget, plans and other guidance documents. Also, Executive Direction coordinates the implementation of Departmental and Administration initiatives in the bureau, such as, the President's Management Agenda.

The performance outcomes for Executive Direction are accomplished through the efficient and effective operations of the two major agency business lines (i.e., environmental restoration and environmental protection) and two support programs (technology development and transfer and financial management). Through providing administrative support functions for these programs Executive Direction supports the Department of the Interior goals and measures in the new strategic plan.

**Operational Processes (Program Activities):** The funding request for this business line is to support activities of Executive Direction, Administrative Support and General Services. Executive Direction provides executive leadership and policy direction for the Bureau, which includes the immediate office of the Director. Administrative Support provides all of the support services for day-to-day operations, such as information technology, human resources, procurement, and finance and accounting. General Services funds bureau-wide fixed costs such as office space, telephones, US postage, unemployment compensation etc., and Department-wide fixed costs assessed to OSM.

***EXECUTIVE DIRECTION AND  
ADMINISTRATION ENCOMPASSES:***

- Director's and Staff Offices
- Administrative support for day to day operations
  - Human Resources
  - Administration
  - Finance and Accounting
- Information Technology
- General Services (Office space, telephones, postage, unemployment and workers compensation, working capital fund, and other fixed costs)

The Offices in the Executive Direction business line performance is an integral component of OSM's Environmental Restoration and Environmental Protection mission goal areas; and the technology development and transfer and finance support functions. Through accomplishment of OSM's two mission goals the business line supports the Departmental Resource Protection, Resource Use and Serving Communities goal areas.

The outcome of program performance will be measured by the success of the Surface Mining program in carrying out the environmental restoration and protection missions. Also, performance will be measured through OSM's contribution to the accomplishment of the Departmental management goals and measures in the new strategic plan based upon the President's five agenda items -- strategic management of human capital, expand e-government, improve budget and performance integration, improve financial management, and expand competitive sourcing.

In FY 2005 and 2006, OSM will continue to support the Department's progress in the implementation of the President's management agenda. Our performance in the five management improvement areas will be reported through the internal DOI scorecard rating system. As of the last internal rating period ended May 2004 the bureau had a "yellow" in the area of electronic government and a "green" in the areas of strategic management of human capital, competitive sourcing, financial management, and budget and performance integration. DOI also recognized OSM's efforts in financial management by providing an internal "blue" rating for best practices. During FY 2005, OSM will also be participating in the Department's e-government quicksilver projects. These support the Department's Management Excellence mission goal.

*Office of Surface Mining Reclamation and Enforcement*

| <i>OSM SCORECARD RATINGS</i>  |                                       |                  |
|---|---------------------------------------|------------------|
| <i>DOI Mission Goal</i>   | <i>Agenda Item</i>                    | <i>OSM Score</i> |
| <b>Management Excellence</b><br>Improve the efficiency and effectiveness of internal operations in the delivery of DOI programs and services. | Strategic Management of Human Capital | Green            |
|   | Competitive Sourcing                  | Green            |
|   | Improved Financial Management         | Green            |
|   | Budget and Performance Integration    | Green            |
|   | Electronic Government                 | Yellow           |

OSM’s scorecard ratings will be verified and validated through meetings between the bureau and the cognizant Departmental office to assess performance semi-annually.

**Actions Required to Achieve Annual Goals:** OSM will continue to strengthen or maintain existing “green” scores and improve its “yellow” score.

**Resources, Skills, and Technology Needed:** OSM and the States and Tribes will continue to need a diverse and multi-disciplinary cadre of personnel to accomplish the mission and goals of SMCRA. In addition, these personnel will guide OSM through technical and policy decisions to ensure that coal-mining activities, including post-mining reclamation, are carried out in such a manner that the safety and health of coalfield citizens is protected and the environment is not degraded.

**FY 2006 Budget Request:** The FY 2006 President’s Budget requests \$22.8 million for Executive Direction and Administrative activities. Of this total, \$3.8 million will be used to provide executive direction and effective policy guidance for the overall program and liaison efforts with States, Tribes, coalfield citizens, Congress, and other Federal agencies. Administrative support and services for OSM will require \$6.57 million and basic bureau-wide fixed overhead costs in general services will cost \$12.43 million.

Office of Surface Mining Reclamation and Enforcement

**Table 15– Justification of Program and Performance**  
 Executive Direction  
 Summary Increases/Decreases for FY 2006  
 (Dollars in Thousands)

| Program Activity       |        | Regulation & Technology |               |              | Abandoned Mine Lands |               |              | Total       |               |              | Inc/Dec |
|------------------------|--------|-------------------------|---------------|--------------|----------------------|---------------|--------------|-------------|---------------|--------------|---------|
|                        |        | 2004 Actual             | 2005 Estimate | 2006 Request | 2004 Actual          | 2005 Estimate | 2006 Request | 2004 Actual | 2005 Estimate | 2006 Request |         |
| Executive Direction    | \$\$\$ | 2,458                   | 2,454         | 2,497        | 1,310                | 1,309         | 1,329        | 3,768       | 3,763         | 3,826        | +63     |
|                        | FTE    | 21                      | 24            | 24           | 11                   | 11            | 11           | 32          | 35            | 35           | 0       |
| Administrative Support | \$\$\$ | 4,246                   | 4,257         | 4,323        | 2,195                | 2,210         | 2,255        | 6,441       | 6,467         | 6,578        | +111    |
|                        | FTE    | 42                      | 40            | 40           | 23                   | 26            | 26           | 65          | 66            | 66           | 0       |
| General Services       | \$\$\$ | 6,687                   | 7,794         | 8,276        | 3,298                | 3,902         | 4,162        | 9,985       | 11,696        | 12,438       | +742    |
|                        | FTE    | 0                       | 0             | 0            | 0                    | 0             | 0            | 0           | 0             | 0            | 0       |
| TOTAL                  | \$\$\$ | 13,391                  | 14,505        | 15,096       | 6,802                | 7,421         | 7,746        | 20,193      | 21,926        | 22,842       | +916    |
|                        | FTE    | 63                      | 64            | 64           | 34                   | 37            | 37           | 97          | 101           | 101          | 0       |

## ONGOING PROGRAM

### 1. Executive Direction

This activity provides executive direction and leadership, and policy and program management guidance for all areas of responsibility for OSM. The Executive Direction activity includes the salaries and operating expenses for the Office of the Director and four immediate staff offices, which include Equal Opportunity; Communications; Planning, Analysis and Budget; and Chief Information Officer.

On October 27, 2004, OSM's organization was officially changed by issuance of the Department of Interior's Department Manual release 116 DM 2, 3, 4, and 5 to document OSM's changes. The changes were made to improve program management and operations, and promote effective and quality services to the OSM customer. Significant changes include:

- ❖ Combining budget formulation and execution with strategic planning and evaluation.
- ❖ Establishing the Office of the Chief Information Officer (CIO) and realigning all related functions including records management, Freedom of Information Act, Privacy Act, telecommunications management and information technology.
- ❖ Moving the responsibility for maintenance of the Applicant/Violator System from Headquarters to the Appalachian Region.
- ❖ Realigning technical training and the international program into one unit.

#### *a. Office of the Director*

The Director is OSM's Chief Executive. The Director provides the leadership and direction of OSM activities within the limits delegated under SMCRA. The Director's primary objectives are to aggressively pursue the reclamation of abandoned mine lands (AML) and to prevent environmental problems in the coalfields by working through the State agencies. OSM makes every effort to obtain full public involvement in the design and development of agency policy. An extensive outreach approach stimulated a more cohesive partnership that has led to better understanding and cooperation among OSM's stakeholders.

In FY 2005 and 2006, OSM will continue outreach efforts which promote public participation in policy making. The arena for such participation includes public meetings on proposed rulemaking and conferences, which promote discussion and exchange of information on the current state of the coal industry and OSM's evolving role. OSM will continue to take positive steps to contact States, Tribes, citizens, and industry and encourage their participation.

## *Office of Surface Mining Reclamation and Enforcement*

In addition to guiding policy decisions, the Director provides direct supervision to the following staff offices: Office of Equal Opportunity, Office of Communication, Office of Planning, Analysis and Budget and the Office of the Chief Information Officer.

### *b. Office for Equal Opportunity (EO)*

This Office is responsible for promoting equal employment opportunities for all OSM employees. The Office:

- provides technical assistance and advice to employees and managers on EO issues;
- ensures that OSM-wide affirmative action plan objectives are developed and implemented;
- provides an adequate and effective EEO counseling and alternative dispute resolution program;
- provides for the processing and adjudication of formal complaints;
- maintains a Civil Rights Compliance program for federally-assisted and conducted programs.

In addition, this Office is responsible for the Special Emphasis and Minority Higher Education programs for the Bureau. Under these programs, the Office has guided OSM in the development of memoranda of understanding, partnerships, and cooperative agreements with Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges and Universities. In part, these initiatives are in response to Executive Orders of the President to work more closely with minority colleges and universities in an effort to enhance recruitment and stimulate curriculum related to OSM's mission. These initiatives will foster the implementation of the Department's and OSM's five-year strategic plan to improve outreach and diversity in the workforce.

### *c. Office of Communications (OC)*

This Office plans, coordinates, produces, and distributes the following under the direction of the Director:

- Publications,
- Audiovisuals,
- Fact sheets,
- Reports,
- Photos,
- Exhibits, and
- News releases.

These items contain information about OSM programs, policies, and Congressional activities, the public, the coal industry, citizen groups, and the media. OC responds to

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requests for information from the news media and the public. OC also maintains a Correspondence Tracking System to manage official correspondence. The Office provides direction for internal communications and functions as the principal point of contact for arranging media interviews and briefings with key officials.

*d. Office of Planning, Analysis and Budget (OPAB)*

This Office is responsible for nationwide planning and analysis, and budgetary functions for OSM, including the integration of organizational performance measures into the budget process. The major functions of the Office include:

- Develops and maintains OSM's strategic plan in coordination with Departmental and OSM management;
- Performs trend analyses and modeling to identify changing national and regional needs; and analyzes policy proposals for new initiatives and modifications to existing programs;
- Carries out the formulation, presentation, execution, and analysis of OSM's budget; providing policy, central coordination, uniform budget procedures and controls; and manages OSM's interface with OMB and Congressional committees on appropriations and other budget-related matters; and

In addition, the Office coordinates management control and other program assessment reviews, in accordance with Executive Orders and Departmental initiatives; and monitors implementation of recommendations from evaluations and reports conducted internally and externally.

*e. Office of the Chief Information Officer (OCIO)*

In FY 2005, OSM established the Office of the Chief Information Officer to emphasize the importance of IT functions within the bureau. This Office is responsible for OSM's information technology (IT) management. Major functions include:

- Provides advice and assistance to management and employees on IT policy, applicable laws, regulations, and directives;
- Coordinates OSM's nationwide IT capital asset planning and investment control activities, including approval of IT expenditures within OSM,;
- Develops and implements IT strategic planning to ensure that all of OSM's electronic information systems are administered and developed in accordance with policies, long-range systems and strategic planning;

In addition, the Office manages other aspects of OSM's IT including enterprise architecture, security management, records management, inventory and asset

management, telecommunications, project management, and IT career/skills management.

## **2. Administrative Support**

This program includes the administrative functions necessary to support the program activities of OSM. The specific functions are included in four organizational areas: Administration, Human Resources, Administrative Financial Management, and Information Technology.

This function is responsible for managing OSM's financial and administrative activities. It has primary responsibility for implementing the requirements in four of the five Presidential Management Agenda scorecards including, improved financial management, competitive sourcing, management of human capital, and electronic government. In addition, it is responsible for reporting output costs as part of OSM's Activity Based Costing initiative. This is also a requirement under the budget and performance integration scorecard. This subactivity provides the policy and direction for information technology (IT) program planning, investment, and portfolio management, information technology security, and enterprise architecture.

### *a. Administration*

The Division of Administration is responsible for development of the Bureau-wide administrative policy and procedures. The Division also implements several of these support activities.

- acquisition,
- property management,
- vehicle fleet management,
- space management,
- emergency management,
- safety management,
- occupational health,
- physical security,
- printing, and publications, and
- FAIR Act (Competitive Sourcing)

The Division of Administration also provides administrative support to headquarters offices. These support activities include office moves, provision of general supplies, and services, property management, mailroom functions, and security and safety management. The Division also manages the bureau-wide fixed cost accounts in General Services.

In accordance with various Executive Orders, as well as Departmental policy, the Office of Surface Mining initiated development of its Environmental Management Program to

ensure all necessary measures are taken to prevent, control and abate environmental pollution in all OSM facilities. OSM's policy will assure compliance with applicable Federal, State and local environmental requirements; promote sound environmental practices; monitor environmental compliance at all facilities; and identify and assign environmental compliance responsibility. OSM is currently conducting base-line audits in all of its facilities to track compliance efforts including abatement activities. The results of these audits will determine the next steps of the Environmental Management program in OSM.

The Division of Administration is responsible for providing guidance to ensure OSM meets its competitive sourcing goals. OSM developed a competitive sourcing plan that identified the functions and activities to be studied during FY 2002 and FY 2003. In FY 2002, OSM converted three positions of the 55 FTE identified as being commercial in nature. OSM's Competitive Sourcing Team and Executive Council members were trained in a transitional conversion-over-time process under the Javits Wagner O'Day (JWOD) preferred acquisition program. In FY 2003, under the JWOD program, 25 FTE's comprising OSM's IT Headquarters and financial management IT functions were studied. In FY 2004, OSM determined it would be more efficient and cost effective to institute an organizational restructuring rather than contract out some functions. Through this restructuring, five FTE were eliminated through early-out/buy-out authority. OSM does not plan to conduct any future competitive sourcing studies due to the small number of FTE identified as being commercial in nature.

*b. Human Resources (HR)*

The Division of Human Resources develops and implements policies, standards and systems for the effective use of people to accomplish the overall mission of OSM. Specifically, the human resources program gives managers advice and assistance; and provides processing and record keeping on recruitment, classification, and compensation benefits, employee performance, awards, financial disclosure holdings, disciplinary actions, and retirement. This office, through automated systems such as SMART (Quick Hire), Quick Classification, the Federal Personnel and Payroll System (FPPS), Employee Express, and TSP direct on-line access to personnel history files, brings human resources information and services directly to the manager, employee and applicant. The Division of Human Resources continues to implement human resources systems, such as QuickTime to help streamline and make every personnel process more effective.

Special ongoing initiatives this office is working on under the Departmental Human Resource Plan, are highlighted below:

- Targeted Recruitment: Human Resources, in conjunction and cooperation with OSM's Office of Equal Opportunity, continues to expand recruitment of the number of women, minorities, and persons with disabilities identified in under-represented occupations.

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- Strategic Management of Human Capital: Management's workforce planning development identified skills and competencies needed for the OSM transition to technical transfer direction. The workforce plan outlines recruitment efforts that are focused on the anticipated retirement loss of human capital, putting employees closer to the customers, competitive sourcing impacts, and a general review of how we are organized and the proper use of both human and fiscal resources. To promote retention in positions where skill gaps have been identified, OSM utilizes several programs including, student loan repayments, relocation allowances, and retention allowances. In addition, OSM uses of honorary, non-monetary, and monetary awards to reward employees based on their contributions to the work of the organization.
- Work Force Planning: OSM developed a workforce plan that analyzes, identifies, and determines the human capital competencies required to achieve the performance improvements outlined in the Secretary's plan for a citizen centered workforce. The plan and the product will clarify the requirements of our mission-specific program areas and our needs for their support through information technology and finance. The plan establishes milestones and objectives for redirection and a total review of OSM's human capital. The plan provides us with data necessary to evaluate where and what competencies are needed and the related costs of gaining these competencies to support mission accomplishment. As a result, OSM developed a plan to request VSIP/VERA authorities, which was approved by OPM and is being carried out in FY 2005.
- Automated On-line Recruitment: This system provides a larger more diverse applicant pool that can be screened and provided to management more efficiently.
- Five-level non-SES performance appraisal system: OSM is implementing the new five (5)-level performance system for all employees. The new system allows for distinctions in the levels of performance. The previous system was a two-level (pass/fail) system.

### *c. Administrative Financial Management*

The Financial Management activity funded in this business line provides OSM's program offices with accounting and financial services for operational funds to implement SMCRA. OSM also bills, collects and accounts for funds derived from program activities reflected in other business lines. These services include paying bills, accounting for receipts and expenditures, issuing financial and management reports, assuring that expenditures are within the allocations, collecting administrative debts, and maintaining the computer systems that support these functions.

Accomplishments in this area include 14 years of unqualified audit opinions, which, in FY 2004, required meeting shortened Departmental and Government-wide financial statement reporting deadlines; four years of clean opinions in internal controls and

FFMIA compliance; and continuing to be a leader on the Departmental efforts in cost accounting. OSM's web-based management information system continues to allow for wide access and automated administrative reports which allow us time to complete the increasing workload required by departmental initiatives and cost accounting improvements. This reporting capability also increased efficiency of financial processing by improving the travel and purchase card processes resulting in payment of invoices the day following receipt and vendors were paid on time 99.5 percent of the time during FY 2004. OSM also maintained electronic transfer payments for 99.9 percent of the total dollar amounts paid.

OSM is one of three bureaus that began implementing the Department-wide Financial and Business Management System (FBMS) in FY 2005. The grants module is scheduled to be implemented by March 2005. The core financial system is scheduled to be implemented by October 2005, and the budget formulation module is scheduled to be implemented the following year. The FBMS system is a major enterprise management initiative that will integrate financial management, acquisition, property management, grants administration and other subsidiary systems. It will revamp administrative processes throughout the Department of the Interior.

As a result of the conversions from the current administrative accounting systems to FBMS, OSM's legacy systems will be replaced by FY 2006: IDEAS, PALS, E-Budget, ABACIS, GIFTS, Travel and Trip Manager, CONDORS, MAPS and MORS.

A major percentage of the Administrative Financial Management resources have been and will continue to be devoted to the successful conversion to the FBMS system while maintaining the high quality and timeliness of on-going administrative financial business.

*d. Information Technology (IT)*

OSM is heavily automated and dependent upon information technology to provide efficient and accurate Management Information to assist program managers in accomplishing the agency's mission. Under the direction of the OCIO, OSM established an Information Technology Management Team (ITMT) to provide agency-wide technical support to OSM management and staff in the design, development, procurement and operation of computerized information systems. In addition, the OCIO is responsible for the telecommunications infrastructure that interconnects all OSM offices and several State and Tribal offices via a high-speed, wide area network (OSMNET). OSM will migrate to the DOI secure network for more efficient performance, providing higher capacity connections in support of agency Information Systems, and in support of the increasing use of the Internet to accomplish OSM's mission. In support of the Departmental information technology architecture, OCIO will continue working with the ITMT and Regions in implementing the use of a Windows network environment and developing a seamless nationwide resource network.

In support of the DOI enterprise approach to IT, OSM has implemented the DOI Microsoft software blanket purchase agreement negotiated to reduce the costs of

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Microsoft products. In addition, OSM has initiated Active Directory, DOI's standard directory system, to migrate from our current Novell environment to the Microsoft environment. Active Directory will play a vital role in OSM's network collapse, and will provide the mechanism for centrally managing software deployment and network maintenance. The Active Directory initiative was introduced to reduce costs, improve IT security, reduce administrative overhead and to improve system-wide configurations.

OCIO is also responsible for the administration of the agency's Information Technology (IT) Security Plan which ensures the safety of OSM's IT information and computer technology hardware and software resources. Employee compliance is monitored with OSM's information technology security training program. The annually mandated training program raises the level of IT security awareness among all OSM employees, and enhances OSM ability to monitor and verify compliance with the DOI IT Security Plan. OCIO also manages OSM's virus filtering and traffic monitoring systems. These systems significantly enhance efforts to manage security for both new and existing systems by ensuring timely installation of software patches and fixes and strengthen incident handling responses.

OSM has several recent achievements in IT security. OSM has Certified and Accredited (C&A) its local area networks in Headquarters and its Denver Finance Office; its wide area network; four major applications; and its General Support Systems located in the three regional enclaves.

OCIO is one of OSM's representatives for the following management programs and initiatives: e-Government, Enterprise Architecture, and the Government Paperwork Elimination Act. OCIO will continue to operate and maintain Intranet connectivity, develop IT strategic planning, implement IT policy, and coordinate compilation of the IT budget. OCIO will continue redesigning the OSM Intranet to meet changing requirements, incorporate e-Government needs, and ensure Section 508 accessibility.

The Office of Surface Mining developed its initial Capital Planning and Investment Control (CPIC) guide in FY 2003 and all exhibit 300s were prepared according to the process outlined in our CPIC guide. OSM has continued to place emphasis on the requirement to capture 100 percent of its information technology (IT) spending on the Exhibit 53 and has seen vast improvement in this area.

In addition, OSM has completed a number of the requirements to reach Stage 2 of the GAO Information Technology Investment Management (ITIM) framework including creating an IT investment process, establishing IT review boards, establishing a structured process for selection of new IT projects that ensures investments are linked to DOI/OSM mission goals and business needs. In FY 2005 and 2006, OSM will continue to move toward full compliance in Stage 2 and Stage 3, respectively.

Managing Information Technology Expenditures

In FY 2003, OSM established the Capital Planning and Investment Control (CPIC) process which provides for the approval of IT investments by top management. A budget/planning representative participates in the initial review and development of plans through the Information Technology Management Team and the Budget Officer is a standing member of the Investment Review Board (IRB).

Activity Based Cost (ABC) Accounting Codes specific to IT investments and IT Exhibits 53 and 300 were also established in FY 2003. These codes were further refined in FY 2004 and FY 2005 to capture appropriate cost components, including costs associated with the CPIC process. All charges are placed in ABACIS, which is OSM's official financial system. Therefore, OSM has a method in place to monitor expenditures for IT.

In the past, OSM provided lump sum operating budget allocations to its offices which included IT funding. For FY 2005, we are further defining IT expenditures and evaluating OSM's IT inventory. A portion of the FY 2005 budget will be allocated to offices once the inventory is reviewed and policies for replacement equipment are applied. The Office of the Chief Information Officer will determine appropriate amounts per office. Once we build an initial baseline inventory, and further define replacement policies in light of changing technology, we will be able to better allocate funding for IT expenditures.

**3. General Services**

This is a funding activity, which includes essential fixed costs to support OSM's program missions. No personnel or operational activities are funded by this component.

| <i>Line Items</i>                  | <i>FY 2005</i>    | <i>FY 2006</i>    | <i>Change</i>  |
|------------------------------------|-------------------|-------------------|----------------|
| Rent                               | 5,865,495         | 6,734,000         | 868,505        |
| Telecommunications                 | 470,950           | 491,915           | 20,965         |
| Postage                            | 100,000           | 120,000           | 20,000         |
| Gasoline/Alternative Fuel Vehicles | 158,500           | 153,500           | -5,000         |
| DOI Working Capital Fund           | 2,231,370         | 2,194,800         | -36,570        |
| DOI Program Requirements           | 103,885           | 78,885            | -25,000        |
| Unemployment Compensation          | 40,500            | 51,000            | 10,500         |
| Worker's Compensation              | 290,000           | 235,000           | -55,000        |
| Bureau-wide Printing               | 350,000           | 300,000           | -50,000        |
| Aircraft Services                  | 0                 | 0                 | 0              |
| Service Contracts                  | 423,000           | 385,000           | -38,000        |
| GSA Work Authorizations            | 35,000            | 35,000            | 0              |
| Operational Support Contracts      | 291,300           | 241,300           | -50,000        |
| Enterprise Information Technology* | 1,008,600         | 1,087,600         | 79,000         |
| Financial Statement Audit          | 327,400           | 331,000           | 3,600          |
| <i>Total</i>                       | <i>11,696,000</i> | <i>12,439,000</i> | <i>743,000</i> |

\*Represents changes in IT Security, Enterprise Services Network, and e-gov projects.

**FY 2004 PROGRAM PERFORMANCE ACCOMPLISHMENTS**

In 2004, the major accomplishments in the Executive Direction activity include:

- Competitive Sourcing – Completed its study of 25 FTE’s comprising the IT function in Headquarters and the Division of Financial Management in Denver.
- Financial Management -- Received its 14th consecutive unqualified audit opinion on its FY 2004 financial statements.
- Budget/Performance – Integrated budget and performance measures continue to be reported in the budget justification.
- Human Resources – Completed implementation of the 5-level Performance Management System for SES.
- Capital Planning and Investment Capital (CPIC) – Continued management of IT with the established CPIC process.

**FY 2005 PLANNED PROGRAM PERFORMANCE**

- Financial Management – Finalize plans for conversion to the Financial and Business Management System.
- Budget/Performance -- Prepare integrated budget and performance plan for FY 2005. Conduct quarterly reviews of budget and performance as data becomes available.
- Electronic Government – Continue to pursue opportunities to participate in Quicksilver projects, and Department-wide initiatives such as E-travel, E-training and E-rulemaking.
- Human Resources – Complete implementation of the 5-level Performance Management System for all employees.
- Capital Planning and Investment Capital (CPIC) – Continue to manage IT with the established CPIC process.

**JUSTIFICATION OF 2006 PROGRAM CHANGES**

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| Executive Direction and Administration | FY 2006 Budget Request | Program Changes (+/-) |
|--|------------------------|-----------------------|
| \$(000)                                | 22,842                 | -75                   |
| FTE                                    | 101                    | 0                     |

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Enterprise Information Technology Investments (+\$79,000) - The 2006 budget includes a net program change of \$79,000 for enterprise information technology investments for IT certification and accreditation of legacy systems; investments in e-government; and implementation of the enterprise services network.

**IT Certification and Accreditation of Legacy Systems**

In 2006, the Department will continue to focus on improving IT security. The 2006 budget includes \$12.8 million DOI-wide for coordinated certification and accreditation (C&A) activities, including \$2.9 million collected through the Department’s working capital fund. The OSM share of this funding in 2006 includes a total of \$29,000, of which \$8,900 will be collected through the DOI working capital fund to support centralized activities to enhance efficiencies; reduce overall costs; enhance the quality, consistency, and documentation supporting accreditations; and prioritize remediation activities.

In 2004, Interior strengthened its IT security program by accelerating the timeframes for completing C&A using government-wide standard processes. As of November 15, 2005, Interior had significantly improved its security posture, having certified and accredited 161 of its 165 production systems, or 98 percent. Now that a preponderance of systems are formally managed with regard to security, challenges remain to schedule and remediate weaknesses discovered through C&A, Inspector General, or annual reviews. Furthermore, once established, accreditation status must be maintained through system functional releases and infrastructure modernization. During 2005 and 2006, the Department and its bureaus are completing third party reviews of completed certification and accreditations; remediating identified risks; and establishing the necessary security program infrastructure to allow ongoing maintenance of accreditation status in an efficient and effective manner. These activities include:

- Establish or update C&A package contents including risk assessments, planned controls, and testing of controls.
- Where controls are deficient, institute new or upgraded management, operational, or technical controls.
- With adequate rigor, test controls for effectiveness.

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- Establish prioritized inventory of items to resolve (plan of action & milestones - POA&M) and resolve in a prioritized manner such that residual risk is acceptable for Authority To Operate.
- Establish standards, procedures, tools, and training to enable the cost effective maintenance of accreditation packages.
- Improve security activities involving contracted/outsourced IT operations.

**E-Government and Lines of Business**

Interior is an active participant in many e-government initiatives, providing leadership, funding, and in-kind technical and staffing support. These initiatives strive to eliminate redundant systems and significantly improve the government’s quality of customer service for citizens and businesses. The Department is the managing partner for two e-government projects – Recreation One-Stop and Geospatial One-Stop. Interior is serving as one of the government-wide service providers for the e-Payroll initiative and is a leader in the E-Authentication project.

Department-wide spending for E-Government activities that will benefit OSM (excluding fee for service payments) reflected in the 2006 President’s budget follow. In addition, the Department is also implementing e-Travel in an integrated fashion with the Financial and Business Management System. Funds to support e-Travel are included in the FBMS budget under Departmental Management. The 2006 OSM budget includes \$49,000 to support these e-Government initiatives.

|  | Billing Method | 2006 Estimate |
|--|----------------|---------------|
| Geospatial One Stop (excludes in-kind)<br>Integrated Acquisition<br>Grants.gov<br>E-Authentication<br>E-Rulemaking<br>E-Training<br>Business Gateway<br>LOB: Financial Management<br>LOB: Human Resources Mgmt<br>LOB: Grants Management | Mixed -- USGS  |               |
|  | Direct/C-WCF   | 510           |
|  | C-WCF          | 397           |
|  | C-WCF          | 453           |
|  | C-WCF          | 450           |
|  | C-WCF          | 825           |
|  | C-WCF          | 185           |
|  | C-WCF          | 322           |
|  | C-WCF          | 83            |
|  | C-WCF          | 91            |
|  | C-WCF          | 14            |

Billing Method Notes. The billing and payment methods of the e-gov projects vary as follows:

C-WCF. The Department has established a centralized WCF account for purposes of billing bureaus and paying managing partners for certain e-gov payments. The Departmental management budget justification includes a description of this account.

Direct. Direct means that a bureau makes direct payments to managing partners. In 2006, both recreation one stop and geospatial one stop have a direct component.

The Departmental Management budget justification includes justifications of the programs funded through the working capital fund.

### **Enterprise Services Network**

Interior is deploying the Enterprise Services Network to provide secure, state-of-the-art internet and intranet connections and a fully functional operational center for data communications that will be used by the entire Department. In addition to providing better services for many Interior offices, the system will provide a uniformly secure environment, standardized and efficient 24 hour/7 day operations, and improved technical support. The OSM budget includes \$697,000 for ESN of which \$287,000 is an estimated amount that will be redirected from legacy network systems to the ESN project. The Department is working with its bureaus to finalize the amounts that will be redirected, and will provide the subcommittees updates to the amounts in the Spring.

In 2004, Interior began to implement Phase I of ESN, which will be completed in December 2005, with deployment of a modern, integrated network backbone that supports telecommunications within the Department. This includes access to the internet, a Department-wide intranet, and a fully operational technical support center. Phase I also transitions management of the National Park Service's wide area network to managed services and thereby simplifies and modernizes a geographically dispersed and outdated architecture.

The return on investment for this system is high. Up-front investments, including the redirection of bureau telecommunication savings, will, in the long-term, result in reduced costs with elimination of duplicative networks, improved performance of data services with less "down time" for many offices, skilled and knowledgeable staff trained to operate standardized and centralized operations, and better support for e-government initiatives.

Phase I of ESN reduces the Department's current 13 Wide Area Networks to one and 33 internet access points to five. For NPS, Lotus Notes maintenance sites were reduced from 253 to seven.

During 2005, the Department will also plan Phase II to expand secure connections to approximately 150 sites located primarily in large cities and approximately 1,500 hubs at other Interior locations.

ESN will also facilitate efforts to consolidate directory services, web hosting, messaging, data warehousing and other applications and systems.

Space Management (-\$95,000) - Annually Interior spends \$300 million to lease space from the General Services Administration and others. Because of the long-term commitment contained in most leases, savings from this initiative will accrue to a large

degree in future years. The Department's budget for 2006 assumes initial savings of \$6.3 million.

Recognizing the potential for improved effectiveness and efficiency in the management of space in the long-term, Interior and its bureaus are undertaking reforms in space management. These reforms, which are part of its Asset Management Plan under E.O. 13327, include a more centrally controlled process to manage space, multi-year planning to consolidate dispersed space and co-locate to promote interagency collaboration, and adoption of more equitable allocations of space that adhere to security and safety and health standards. Long-term benefits are expected to result from Interior's space management reform, which will utilize best practices now in place. Multi-year plans will be used to focus on improved effectiveness and efficiency in supporting bureau missions and guide future lease arrangements and the use of owned space in order to maximize consolidation and co-location. By strategically analyzing and planning space management needs and opportunities, OSM, working with the Department will be able to consider workforce changes such as telecommuting, information technology solutions, and other factors in making future arrangements for facilities. The reduction is OSM's share of overall Departmental savings for FY 2006.

Federal Vehicle Fleet (-\$5,000) - In 2004, the Department began a collaborative initiative to improve fleet management, developed a strategic plan, and began to implement recommendations from a review of the program conducted by the Office of Inspector General. The initiative focuses on economic-based strategies, including implementation of life-cycle replacement schedules, disposal of underutilized vehicles and vehicles that have surpassed their lifecycle, use of fleet performance measures, energy-saving practices and expanded use of alternate-fueled vehicles, and expanded leasing. The Department-wide strategy for improved fleet management includes migrating fleet management programs to a more standardized operational model that promotes energy-saving technologies, the development of fleet composition baselines and multi-year plans, improved performance metrics that address efficiency and effectiveness, vehicle and motor pool sharing, and purchase and lease arrangements that consider seasonal workforces.

On an annual basis, Interior spends over \$160 million to operate and maintain its fleet of approximately 38,000 vehicles. Interior's improvement plan provides a goal for reduction to fleet expenditures of \$11 million in 2005 and an additional \$3.7 million in 2006. The reduction is OSM's share of the improvement plan for FY 2006.

Information Technology (-\$54,000) – Represents overall Bureau savings from FY 2005 to FY 2006 in IT investments.

**FY 2006 EXECUTIVE DIRECTION PERFORMANCE**

The business line provides administrative support to the other four business lines. Executive Direction program performance is an integral part of the Environmental Restoration, Environmental Protection, Technology Development and Transfer, and Financial Management business lines. Please see performance information at the end of each of these business line chapters.

**Budget Exhibit 1**

**DEPARTMENT OF THE INTERIOR  
Office of Surface Mining Reclamation and Enforcement  
Employee Count by Grade**

|                                     | FY 2004<br>Actual | FY 2005<br>Estimate | FY 2006<br>Estimate |
|-------------------------------------|-------------------|---------------------|---------------------|
| Executive Level I.....              | 0                 | 0                   | 0                   |
| Executive Level II.....             | 0                 | 0                   | 0                   |
| Executive Level III.....            | 0                 | 0                   | 0                   |
| Executive Level IV.....             | 0                 | 0                   | 0                   |
| Executive Level V.....              | 1                 | 1                   | 1                   |
| subtotal.....                       | 1                 | 1                   | 1                   |
| SES.....                            | 6                 | 6                   | 6                   |
| CA-3 *.....                         | 0                 | 0                   | 0                   |
| AL-2-3 **.....                      | 0                 | 0                   | 0                   |
| SL-0 ***.....                       | 0                 | 0                   | 0                   |
| subtotal.....                       | 0                 | 0                   | 0                   |
| GS/GM-15.....                       | 31                | 32                  | 32                  |
| GS/GM-14.....                       | 57                | 57                  | 57                  |
| GS/GM-13.....                       | 157               | 157                 | 158                 |
| GS-12.....                          | 191               | 195                 | 196                 |
| GS-11.....                          | 28                | 28                  | 26                  |
| GS-10.....                          | 0                 | 0                   | 0                   |
| GS-9.....                           | 15                | 19                  | 23                  |
| GS-8.....                           | 12                | 13                  | 13                  |
| GS-7.....                           | 32                | 34                  | 30                  |
| GS-6.....                           | 19                | 19                  | 19                  |
| GS-5.....                           | 6                 | 8                   | 8                   |
| GS-4.....                           | 6                 | 5                   | 6                   |
| GS-3.....                           | 6                 | 6                   | 5                   |
| GS-2.....                           | 0                 | 0                   | 0                   |
|                                     | 560               | 573                 | 573                 |
| Other Pay Schedule Systems.....     | 0                 | 0                   | 0                   |
| Total employment (actual/projected) | 567               | 580                 | 580                 |

\* CA - DOI Board Member

\*\* AL - Administrative Law Judge

\*\*\* SL - Senior-Level/Scientific Professionals

**Budget Exhibit 2**

**Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
Regulation and Technology  
Program and Financing  
(dollars in millions)**

| 14-1801-0-1-302  | 2004<br>Actual | 2005<br>Estimate | 2006<br>Estimate |
|--|----------------|------------------|------------------|
| <b><u>Obligations by program activity:</u></b>   |                |                  |                  |
| 00.02 Environmental Protection   | 79             | 80               | 80               |
| 00.03 Technology Development & Transfer  | 12             | 13               | 15               |
| 00.04 Financial Management   | 1              | 1                | 1                |
| 00.05 Executive Direction & Administration   | 13             | 14               | 14               |
| 09.01 Reimbursable Program   | 1              | 1                | 1                |
| 10.00 Total Obligations  | 106            | 109              | 111              |
| <b><u>Budgetary resources available for obligation</u></b>                             |                |                  |                  |
| 21.40 Unobligated balance available, start of year:<br>Uninvested balance              | 1              |                  |                  |
| 22.00 New budget authority (gross)   | 106            | 109              | 111              |
| 23.90 Total budgetary resources available for<br>obligation                            | 107            | 109              | 111              |
| 23.95 New obligations  | -106           | -109             | -111             |
| 23.98 New obligations  |                |                  |                  |
| 24.40 Unobligated balance available, end of year:<br>Uninvested balance                | 1              |                  |                  |
| <b><u>New budget authority (gross), detail</u></b>                                     |                |                  |                  |
| Current:   |                |                  |                  |
| 40.00 Appropriation (general fund)   | 105            | 106              | 109              |
| 40.35 Appropriation permanently reduced  | -1             | -1               |                  |
| Permanent:   |                |                  |                  |
| 68.00 Spending authority from offsetting collections:<br>Offsetting collections (cash) | 1              | 1                | 1                |
| 70.00 total new budget authority (gross)   | 105            | 106              | 110              |

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| 14-1801-0-1-302   | 2004<br>Actual | 2005<br>Estimate | 2006<br>Estimate |
|---|----------------|------------------|------------------|
| <b><u>Change in unpaid obligations</u></b>                                |                |                  |                  |
| 72.40 Unpaid obligations; start of year: obligated balance, start of year | 37             | 36               | 36               |
| 73.10 Total new obligations   | 105            | 106              | 109              |
| 73.20 Total outlays (gross)   | -105           | -106             | -109             |
| 73.0 Adjustments in expired accounts (net)                                | -1             |                  |                  |
| 74.40 Unpaid obligations, end of year: Obligated balance, end of year     | 36             | 36               | 36               |
| <b><u>Outlays (gross), detail</u></b>                                     |                |                  |                  |
| 86.90 Outlays from new discretionary authority                            | 73             | 72               | 75               |
| 86.93 Outlays from discretionary balances                                 | 32             | 34               | 34               |
| 87.00 Total outlays (gross)   | 105            | 106              | 109              |
| <b><u>Offsets</u></b>   |                |                  |                  |
| Against gross budget authority and outlays:                               |                |                  |                  |
| 88.00 Offsetting collections (cash) from: Federal sources                 | 1              | 1                | 1                |
| <b><u>Net budget authority and outlays</u></b>                            |                |                  |                  |
| 89.00 Budget authority  | 104            | 105              | 109              |
| 90.00 Outlays   | 104            | 105              | 108              |

**Budget Exhibit 3**

**Office of Surface Mining Reclamation and Enforcement  
Abandoned Mine Reclamation Fund  
Program and Financing  
(dollars in millions)**

|  | 2004<br>Actual | 2005<br>Estimate | 2006<br>Estimate |
|--|----------------|------------------|------------------|
| 14-5015-0-1-302  |                |                  |                  |
| <b><u>Obligations by program activity:</u></b>             |                |                  |                  |
| 00.01 Environmental Restoration                            | 210            | 192              | 198              |
| 00.02 Technology Development & Transfer                    | 4              | 4                | 4                |
| 00.03 Financial Management                                 | 6              | 6                | 6                |
| 00.04 Executive Direction & Administration                 | 7              | 7                | 7                |
| 00.06 Transfer to UMWA/Combined Benefits                   | 90             | 15               | 34               |
| 00.07 Certified States payments                            |                |                  | 53               |
| 10.00 Total Obligations                                    | 317            | 224              | 302              |
|  |                |                  |                  |
| <b><u>Budgetary resources available for obligation</u></b> |                |                  |                  |
| 21.40 Unobligated balance available, start of year:        | 49             | 38               | 35               |
| 22.00 New budget authority (gross)                         | 281            | 206              | 278              |
| 22.10 Resources available from recoveries                  | 25             | 15               | 19               |
| 23.90 Total budgetary resources available for obligation   | 355            | 259              | 332              |
| 23.95 Total new obligations                                | -317           | -224             | -302             |
| 24.40 Unobligated balance available, end of year           | 38             | 35               | 30               |
|  |                |                  |                  |
| <b><u>New budget authority (gross), detail</u></b>         |                |                  |                  |
| Discretionary:   |                |                  |                  |
| 40.20 Appropriation (special fund, definite)               | 226            | 193              | 244              |
| 40.37 Appropriation temporarily reduced                    | -1             | -2               |                  |
| 40.20 Appropriation (total discretionary)                  | 225            | 191              | 244              |
| Mandatory:   |                |                  |                  |
| 60.20 Appropriation (special fund)                         | 56             | 15               | 34               |
| 70.00 Total new budget authority (gross)                   | 281            | 206              | 278              |

*Office of Surface Mining Reclamation and Enforcement*

| 14-5015-0-1-302                                   | 2004<br>Actual | 2005<br>Estimate | 2006<br>Estimate |
|---|----------------|------------------|------------------|
| <b><u>Change in unpaid obligations</u></b>        |                |                  |                  |
| Unpaid obligations, start of year:                |                |                  |                  |
| 72.40 Obligated balance, start of year            | 317            | 330              | 327              |
| 73.10 Total new obligations                       | 317            | 224              | 302              |
| 73.20 Total outlays (gross)                       | -279           | -212             | -305             |
| 73.45 Recoveries of prior year obligations        | -25            | -15              | -19              |
| Unpaid obligations, end of year:                  |                |                  |                  |
| 74.40 Obligated balance end of year               | 330            | 327              | 305              |
| <b><u>Outlays (gross), detail</u></b>             |                |                  |                  |
| 86.90 Outlays from new discretionary authority    | 52             | 53               | 106              |
| 86.93 Outlays from discretionary balances         | 171            | 144              | 165              |
| 86.97 Outlays from new permanent authority        | 56             | 15               | 34               |
| 87.00 Total outlays                               | 279            | 212              | 305              |
| <b><u>Net budget authority and outlays</u></b>    |                |                  |                  |
| 89.00 Budget authority                            | 281            | 206              | 278              |
| 90.00 Outlays                                     | 279            | 212              | 305              |
| 92.01 Total investments, start of year: par value | 1,895          | 1,927            | 2,041            |
| 92.02 Total investments, end of year: par value   | 1,927          | 2,041            | 2,048            |

Office of Surface Mining Reclamation and Enforcement

**Budget Exhibit 4**

**Office of Surface Mining Reclamation and Enforcement**  
**Regulation and Technology**  
 Program and Financing  
 (dollars in millions)

| Object Class   | FY 2005 Estimate |        | Uncontrollable and Related Changes |        | Program Changes |        | FY 2006 Request |        |
|--|------------------|--------|------------------------------------|--------|-----------------|--------|-----------------|--------|
|  | FTE              | Amount | FTE                                | Amount | FTE             | Amount | FTE             | Amount |
| <b>11 Personnel Compensation</b>                     |                  |        |                                    |        |                 |        |                 |        |
| 11.1 Full-time Permanent                             | 397              | 29     | -8                                 |        |                 |        | 387             | 29     |
| 11.X All other salaries                              |                  |        |                                    |        |                 |        |                 |        |
| Total Personnel Compensation                         | 397              | 29     | -8                                 | 0      | 0               | 0      | 387             | 29     |
| <b><u>Other Object Classes</u></b>                   |                  |        |                                    |        |                 |        |                 |        |
| 12.1 Personnel Benefits                              |                  | 5      |                                    |        |                 |        |                 | 6      |
| 21.0 Travel and transportation of persons            |                  | 2      |                                    |        |                 |        |                 | 2      |
| 23.1 Rental Payments to GSA                          |                  | 3      |                                    |        |                 |        |                 | 4      |
| 23.2 Rental Payments to Others                       |                  | 1      |                                    |        |                 |        |                 | 1      |
| 25.2 Other Services                                  |                  | 4      |                                    |        |                 |        |                 | 5      |
| 26.0 Supplies and materials                          |                  | 1      |                                    |        |                 |        |                 | 1      |
| 31.0 Equipment                                       |                  | 1      |                                    |        |                 |        |                 | 1      |
| 41.0 Grants, subsidies and contributions             |                  | 58     |                                    |        |                 |        |                 | 58     |
| 99.0 Subtotal, obligations, Direct obligations       |                  | 104    |                                    |        |                 |        |                 | 107    |
| <b><u>Reimbursable obligations</u></b>               |                  |        |                                    |        |                 |        |                 |        |
| 11.1 Personnel compensation: Full-time permanent     |                  | 1      |                                    |        |                 |        |                 | 1      |
| 99.0 Subtotal, obligations, Reimbursable obligations |                  | 1      |                                    |        |                 |        |                 | 1      |
| 99.5 Below reporting threshold                       |                  | 1      |                                    |        |                 |        |                 | 1      |
| <b>99.9 Total requirements</b>                       | 397              | 106    | -8                                 | 0      | 0               | 0      | 387             | 109    |

**Budget Exhibit 5**

**Summary of Requirements by Object Class  
Abandoned Mine Reclamation Fund**  
(dollars in millions)

| Object Class                             | FY 2005 Estimate |            | Uncontrollable and Related Changes |          | Program Changes |          | FY 2006 Request |            |
|--|------------------|------------|------------------------------------|----------|-----------------|----------|-----------------|------------|
|  | FTE              | Amount     | FTE                                | Amount   | FTE             | Amount   | FTE             | Amount     |
| 11 Personnel Compensation                |                  |            |                                    |          |                 |          |                 |            |
| 11.1 Full-Time Permanent                 | 213              | 15         | -5                                 |          |                 |          | 208             | 15         |
| Total Personnel Compensation             | 213              | 15         | -5                                 |          |                 |          | 208             | 15         |
| <u>Other Objects</u>                     |                  |            |                                    |          |                 |          |                 |            |
| 12.1 Personnel Benefits                  |                  | 3          |                                    |          |                 |          |                 | 3          |
| 21.0 Travel and trans of persons         |                  | 1          |                                    |          |                 |          |                 | 1          |
| 23.1 Rental Payments to GSA              |                  | 2          |                                    |          |                 |          |                 | 2          |
| 23.3 Communications, utilities and misc. |                  | 1          |                                    |          |                 |          |                 | 1          |
| 25.2 Other Services                      |                  | 53         |                                    |          |                 |          |                 | 55         |
| 31.0 Equipment                           |                  | 1          |                                    |          |                 |          |                 | 1          |
| 41.0 Grants, subsidies and Contributions |                  | 145        |                                    |          |                 |          |                 | 221        |
| 99.9 Below reporting threshold           |                  | 3          |                                    |          |                 |          |                 | 3          |
| <b>Total Requirements</b>                | <b>213</b>       | <b>224</b> | <b>-5</b>                          | <b>0</b> | <b>0</b>        | <b>0</b> | <b>208</b>      | <b>302</b> |

**Budget Exhibit 6**

**Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
Regulation and Technology  
Object Classification  
(dollars in millions)**

| 14-1801-0-1-302                                  | FY 2004<br>Actual | FY 2005<br>Estimate | FY 2006<br>Estimate |
|--|-------------------|---------------------|---------------------|
| <b>Direct Obligations:</b>                       |                   |                     |                     |
| Personnel Compensation:                          |                   |                     |                     |
| 1111 Full-time permanent                         | 29                | 29                  | 29                  |
| 1113 Positions other than full-time permanent    | *                 | *                   | *                   |
| 1115 Other Personnel Compensation                | *                 | *                   | *                   |
| 1119 Total Personnel Compensation                | 29                | 29                  | 29                  |
| 1121 Personnel Benefits                          | 6                 | 5                   | 6                   |
| 1130 Benefits for former Personnel               | *                 | *                   | *                   |
| 1210 Travel and Transportation of Persons        | 2                 | 2                   | 2                   |
| 1220 Transportation of Things                    | *                 | *                   | *                   |
| 1231 Rental Payments to GSA                      | 3                 | 3                   | 4                   |
| 1232 Rental Payments to Others                   | *                 | 1                   | 1                   |
| 1233 Communications, Utilities and Misc. Charges | *                 | *                   | *                   |
| 1240 Printing and Reproduction                   | *                 | *                   | *                   |
| 1251 Advisory and assistance services            | *                 | *                   | *                   |
| 1252 Other Services                              | 3                 | 4                   | 5                   |
| 1257 Operation and maintenance of equipment      | *                 | *                   | *                   |
| 1260 Supplies and Materials                      | 1                 | 1                   | 1                   |
| 1310 Equipment                                   | 1                 | 1                   | 1                   |
| 1410 Grants, Subsidies and Contributions         | 58                | 58                  | 58                  |
| 1420 Insurance Claims                            | *                 | *                   | *                   |
| 1430 Interest and Dividends                      | *                 | *                   | *                   |
| <i>9900 Subtotal, Direct Obligations</i>         | <i>103</i>        | <i>104</i>          | <i>107</i>          |
| <b>Reimbursable Obligations:</b>                 |                   |                     |                     |
| 2111 Full-time permanent (Reimbursable)          | 1                 | 1                   | 1                   |
| 2252 Other Services                              | *                 | *                   | *                   |
| 9995 Below reporting threshold                   | 1                 | 1                   | 1                   |
| <b>9999 Total Obligations</b>                    | <b>105</b>        | <b>106</b>          | <b>109</b>          |

**Budget Exhibit 7**

**Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
Abandoned Mine Reclamation Fund  
Object Classification  
(dollars in millions)**

| 14-5015-0-1-302                                  | FY 2004<br>Actual | FY 2005<br>Estimate | FY2006<br>Estimate |
|--|-------------------|---------------------|--------------------|
| <b>Direct Obligations:</b>                       |                   |                     |                    |
| <u>Personnel Compensation:</u>                   |                   |                     |                    |
| 1111 Full-time permanent                         | 15                | 15                  | 15                 |
| 1113 Positions other than full-time permanent    | *                 | *                   | *                  |
| 1115 Other Personnel Compensation                | *                 | *                   | *                  |
| 1119 Total Personnel Compensation                | 15                | 15                  | 15                 |
| 1121 Personnel Benefits                          | 3                 | 3                   | 3                  |
| 1210 Travel and Transportation of Persons        | 1                 | 1                   | 1                  |
| 1231 Rental Payments to GSA                      | 2                 | 2                   | 2                  |
| 1232 Rental Payments to Others                   | *                 | *                   | *                  |
| 1233 Communications, Utilities and Misc. Charges | 1                 | 1                   | 1                  |
| 1252 Other Services                              | 105               | 53                  | 55                 |
| 1260 Supplies and Materials                      | *                 | *                   | *                  |
| 1310 Equipment                                   | 1                 | 1                   | 1                  |
| 1410 Grants, Subsidies and Contributions         | 186               | 145                 | 221                |
| 9995 Below reporting threshold                   | 3                 | 3                   | 3                  |
| <b>9999 Total Obligations</b>                    | <i>317</i>        | <i>224</i>          | <i>302</i>         |

**FY 2006 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| Activity/Office                                 | FY 2004<br>Actual | FY 2005<br>Estimate | FY 2006<br>Estimate |
|---|-------------------|---------------------|---------------------|
| <b>Other OS Activities</b>                      |                   |                     |                     |
| Invasive Species Program                        | 15.1              | 17.2                | 18.4                |
| Invasive Species DOI Coordinator                | 2.5               | 2.8                 | 3.0                 |
| Secretary's Immediate Office                    | 17.6              | 20.0                | 21.4                |
| Secretary's Immediate Office                    |                   |                     |                     |
| Document Management Unit                        | 0.2               | 3.0                 | 3.1                 |
| Office of the Executive Secretariat             | 0.2               | 3.0                 | 3.1                 |
| Departmental News and Information               | 9.2               | 18.3                | 19.6                |
| Departmental Newsletter                         | 8.4               | 8.8                 | 9.5                 |
| Hispanic Media Outreach                         | 4.1               | 4.7                 | 3.3                 |
| Office of Communications                        | 21.6              | 31.8                | 32.3                |
| Fish, Wildlife, and Parks                       |                   |                     |                     |
| Financial Management Training                   | 19.8              | 26.9                | 27.5                |
| Activity Based Costing/Management               |                   | 9.5                 | 9.6                 |
| Travel Management Center                        |                   | 2.5                 | 2.5                 |
| Office of Financial Management                  | 19.8              | 38.9                | 39.5                |
| Office of Acquisition and Property Management   |                   |                     |                     |
| SBA Certifications                              |                   | 0.4                 | 0.2                 |
| Small & Disadvantaged Business Utilization      |                   | 0.4                 | 0.2                 |
| Planning and Performance Management             | 42.0              | 62.8                | 64.2                |
| Office of Planning and Performance Mgmt.        | 42.0              | 62.8                | 64.2                |
| Center for Competitive Sourcing Excellence      | 0.0               | 0.0                 | 0.0                 |
| Office of Competitive Sourcing                  | 0.0               | 0.0                 | 0.0                 |
| Firefighter and Law Enforcement Retirement Team | 0.0               | 0.0                 | 0.0                 |
| Employee Assistance Programs                    | 0.0               | 0.0                 | 0.0                 |
| Employee Counseling                             | 3.9               | 1.3                 | 1.3                 |
| CLC - Human Resources                           |                   | 0.2                 | 0.3                 |
| OPM Federal Employment Services                 |                   | 1.5                 | 1.5                 |
| Office of Personnel                             | 3.9               | 3.0                 | 3.1                 |
| Special Emphasis Program                        | 4.8               | 4.9                 | 4.9                 |
| Recruitment/Outreach                            | 3.3               | 3.3                 |                     |
| Office of Educational Partnerships              | 8.1               | 8.2                 | 4.9                 |
| Occupational Safety and Health                  | 11.4              | 10.7                | 11.1                |
| Safety & Health Training Initiative             | 3.2               | 2.9                 | 2.9                 |
| Office of Occupational Health and Safety        | 14.5              | 13.6                | 14.0                |
| Classified Information Facility                 | 1.7               | 3.0                 | 3.1                 |
| Emergency Preparedness                          | 5.0               | 6.4                 | 9.5                 |
| Watch Office                                    | 7.5               | 9.4                 | 11.7                |

**FY 2006 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| <b>Activity/Office</b>                    | <b>FY 2004<br/>Actual</b> | <b>FY 2005<br/>Estimate</b> | <b>FY 2006<br/>Estimate</b> |
|---|---------------------------|-----------------------------|-----------------------------|
| Office of Law Enforcement and Security    | 14.2                      | 18.9                        | 24.3                        |
| IT Security                               | 42.7                      | 44.1                        | 65.9                        |
| IT Security Certification & Accreditation |                           |                             | 88.9                        |
| Information Technology Architecture       | 22.7                      | 33.1                        | 33.4                        |
| Capital Planning                          | 11.2                      | 11.7                        | 112.3                       |
| Data Resource Management Program          | 3.6                       | 3.7                         | 3.7                         |
| Office of the Chief Information Officer   | 80.3                      | 92.7                        | 304.2                       |
| Web & Internal/External Comm              | 5.2                       | 5.4                         | 5.5                         |
| DOINET - ESN                              | 6.8                       | 407.7                       | 165.9                       |
| DOINET - ESN UNDISTRIBUTED                |                           |                             | 410.1                       |
| ARTNET                                    | 3.8                       | 3.9                         | -0.0                        |
| Office of the Chief Information Officer   | 15.8                      | 417.0                       | 581.5                       |
| DOI FOIA Tracking & Reporting System      | 1.0                       | 1.0                         | 3.4                         |
| GPEA                                      | 4.7                       | 4.8                         | 4.8                         |
| Office of the Chief Information Officer   | 5.7                       | 5.8                         | 8.2                         |
| Ethics Training Departmentwide            | 0.4                       | 0.5                         | 0.5                         |
| ALLEX Database                            |                           | 0.2                         | 0.2                         |
| Solicitor                                 | 0.4                       | 0.7                         | 0.7                         |
| WCF Management                            |                           | 2.2                         | 2.2                         |
| Contingency Reserve                       | 11.9                      | 12.0                        | 12.0                        |
| Departmentwide Activities                 | 11.9                      | 14.2                        | 14.2                        |
| CFO Financial Statement Audit             |                           | 332.4                       | 334.0                       |
| Departmentwide Activities                 |                           | 332.4                       | 334.0                       |
| E Government Initiatives                  |                           | 55.0                        | 49.0                        |
| Departmentwide Activities                 |                           | 55.0                        | 49.0                        |
| <b>Subtotal Other OS Activities</b>       | <b>256.0</b>              | <b>1,118.2</b>              | <b>1,499.0</b>              |

**FY 2006 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| Activity/Office                              | FY 2004<br>Actual | FY 2005<br>Estimate | FY 2006<br>Estimate |
|--|-------------------|---------------------|---------------------|
| <b>National Business Center</b>              |                   |                     |                     |
| Executive Forums                             | 2.0               | 2.7                 | 3.3                 |
| Departmental Library                         | 41.5              | 24.7                | 27.2                |
| ALLEX Database                               | 0.3               |                     |                     |
| Departmental museum                          | 10.9              | 14.3                | 12.3                |
| Learning and Performance Center Management   | 2.6               | 3.5                 | 3.2                 |
| Washington Learning Center                   | 28.3              | 26.6                | 19.3                |
| Denver Learning Center                       | 12.9              | 17.2                | 16.0                |
| Albuquerque Learning Center                  | 4.2               | 3.6                 | 4.0                 |
| Anchorage Learning Center                    |                   | 6.2                 |                     |
| Leadership Institute                         | 14.0              | 11.4                | 4.7                 |
| On-Line Learning                             | 3.5               | 4.3                 | 4.0                 |
| DOI Recruitment/Outreach                     |                   |                     | 3.3                 |
| NBC Human Capital Directorate                | 120.2             | 114.4               | 97.3                |
| Computer Applications and Network Services   | 6.5               | 7.8                 | 8.3                 |
| Telecommunications services                  | 136.3             | 131.8               | 151.7               |
| Voice/data switching                         | 57.3              | 46.4                | 37.8                |
| New PBX Telephone System                     | 66.8              | 58.7                | 63.2                |
| Hardware/Software Customer Service Center    | 0.4               |                     |                     |
| Records management/FOIA                      | 23.7              | 15.0                | 15.0                |
| Aviation Management - Information Technology |                   | 2.8                 | 0.0                 |
| NBC CIO                                      | 291.0             | 262.5               | 275.9               |
| FPPS - Application Mgmt Office               | 9.1               | 5.6                 | 5.7                 |
| FPPS - Payroll Operations                    | 47.6              | 50.0                | 50.9                |
| FPPS - Payroll Systems                       | 67.0              | 63.7                | 64.3                |
| NBC - E-payroll                              | 123.8             | 119.3               | 120.8               |
| Interior Complex Management & Svcs           | 70.9              | 57.9                | 65.1                |
| Family Support Room                          |                   | 1.1                 | 1.3                 |
| Space Management Services                    | 23.1              | 13.8                | 19.4                |
| Shipping and Receiving                       |                   | 23.9                | 31.6                |
| Moving Services                              |                   | 14.9                | 19.0                |
| OWCP Coordination                            |                   | 0.1                 |                     |
| Drug testing - intra department              | 0.1               | 0.1                 |                     |
| Security                                     | 168.4             | 324.1               | 424.1               |
| Accessible Technology Center                 | 2.4               | 3.0                 | 2.6                 |
| Health Unit                                  | 21.2              | 18.3                | 17.4                |
| Federal Executive Board                      | 2.1               | 2.3                 | 2.1                 |
| Photographic Services                        | 5.2               |                     |                     |
| DOI Space Management Initiative              |                   |                     | 2.1                 |
| Blue Pages                                   | 7.0               | 30.6                | 32.1                |
| Mail Policy                                  | 2.6               | 2.3                 | 2.8                 |
| Mail and messenger services                  | 29.7              | 40.9                | 43.5                |
| Transportation Services (Household Goods)    |                   | 3.9                 | 2.5                 |
| Passport & Visa Services                     |                   | 5.3                 | 5.5                 |

**FY 2006 WORKING CAPITAL FUND  
CENTRALIZED BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| <b>Activity/Office</b>                        | <b>FY 2004<br/>Actual</b> | <b>FY 2005<br/>Estimate</b> | <b>FY 2006<br/>Estimate</b> |
|---|---------------------------|-----------------------------|-----------------------------|
| Property Accountability Services              | 23.6                      |                             |                             |
| Vehicle fleet                                 | 5.5                       | 2.2                         | 2.4                         |
| NBC - Administrative Operations               | 361.9                     | 544.6                       | 673.4                       |
| Financial Systems (inc Hyperion)              |                           | 16.5                        | 17.0                        |
| Financial Management Services (Dept. Offices) | 0.7                       | 0.7                         |                             |
| IDEAS   | 31.7                      | 34.0                        | 34.0                        |
| NBC - E-payroll                               | 32.4                      | 51.2                        | 51.0                        |
| Aviation Management Directorate               | 35.5                      | 26.1                        | 27.3                        |
| Aviation - Mandatory Services                 | 35.5                      | 26.1                        | 27.3                        |
| NBC-Appraisal Services                        |                           |                             |                             |
| <b>Subtotal National Business Center</b>      | 964.7                     | 1,118.1                     | 1,245.8                     |
| <b>TOTAL</b>                                  | 1,220.7                   | 2,236.4                     | 2,744.8                     |

**FY 2006 WORKING CAPITAL FUND  
DIRECT BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| Activity/Office                               | FY 2004<br>Actual | FY 2005<br>Estimate | FY 2006<br>Estimate |
|---|-------------------|---------------------|---------------------|
| <b>Other OS Activities</b>                    |                   |                     |                     |
| Departmental Direction Activity Coordination  |                   |                     |                     |
| Departmental Direction                        |                   |                     |                     |
| Management and Coordination Initiatives       |                   |                     |                     |
| Financial Management Activities               |                   | 2.4                 |                     |
| Acquisition and Property Initiatives          |                   | 4.5                 | 4.7                 |
| SBA Certifications                            |                   | 0.0                 |                     |
| EEO Training                                  | 1.3               | 7.5                 | 4.3                 |
| Executive Resources Personnel Mgmt Services   | 6.6               | 1.9                 | 1.9                 |
| Diversity Intern Program                      |                   | 2.7                 |                     |
| Summer Intern Program                         | 17.0              |                     |                     |
| Management and Coordination                   | 24.8              | 19.1                | 10.9                |
| Information Resources Initiatives             |                   |                     |                     |
| Oracle License & Support Contract             | 12.3              | 9.8                 | 10.2                |
| Microsoft Enterprise Licenses                 | 220.5             | 233.5               | 236.1               |
| Anti-Virus Software Licenses                  |                   | 18.6                | 19.9                |
| Popkin System Architect                       | 0.7               | 0.0                 | 0.1                 |
| Information Resources Initiatives             | 233.5             | 261.9               | 266.4               |
| Office of Acquisition and Property Management |                   |                     |                     |
| Central Services                              | 0.0               |                     |                     |
| Cobell - Live E-mail                          | 29.2              |                     |                     |
| Cobell - Tape Search Request                  | 1.4               | 1.1                 | 1.1                 |
| Cobell - Security (Audit)                     | 1.6               | 1.1                 | 1.1                 |
| CFO Financial Statement Audit                 | 92.9              | 2.9                 |                     |
| Federal FSA Program                           | 7.1               | 7.0                 | 7.0                 |
| Central Services                              | 132.2             | 12.0                | 9.1                 |
| <b>Subtotal Other OS Activities</b>           | <b>390.5</b>      | <b>293.1</b>        | <b>286.4</b>        |

**FY 2006 WORKING CAPITAL FUND  
DIRECT BILLING  
OFFICE OF SURFACE MINING  
(\$ in thousands)**

| Activity/Office  | FY 2004<br>Actual | FY 2005<br>Estimate | FY 2006<br>Estimate |
|--|-------------------|---------------------|---------------------|
| <b>National Business Center</b>                          |                   |                     |                     |
| <hr/>  |                   |                     |                     |
| Strategic Management of Human Capital Directorate        |                   |                     |                     |
| Career, Balance, & Diversity Forums                      | 4.8               | 6.6                 | 6.8                 |
| Financial Management Intern Program                      | 7.0               |                     |                     |
| Certificate Programs                                     | 2.3               | 1.5                 |                     |
| Online Learning  |                   | 35.0                | 5.2                 |
| NBC- Human Capital/DOIU                                  | <u>14.1</u>       | <u>43.1</u>         | <u>12.1</u>         |
| <hr/>  |                   |                     |                     |
| Information Technology Directorate                       |                   |                     |                     |
| Direct Telecom Services                                  | 0.3               |                     |                     |
| Technology Services                                      |                   | 32.8                | 32.8                |
| e-Applications   | <u>0.3</u>        |                     |                     |
| Information Technology                                   | <u>0.6</u>        | <u>32.8</u>         | <u>32.8</u>         |
| <hr/>  |                   |                     |                     |
| Federal Personnel Payroll Systems & Services Directorate |                   |                     |                     |
| FPPS - Application Mgmt Office                           | 0.4               | 0.5                 | 0.5                 |
| FPPS - Payroll Systems                                   | <u>49.2</u>       | <u>16.9</u>         | <u>17.6</u>         |
| NBC- E-payroll   | <u>49.6</u>       | <u>17.4</u>         | <u>18.1</u>         |
| <hr/>  |                   |                     |                     |
| Administrative Operations Directorate                    |                   |                     |                     |
| Building Alteration Services                             | 15.1              | 16.9                | 19.8                |
| Reimbursable Moving services                             | 1.6               | 7.2                 | 3.4                 |
| Flags & Seals  |                   | 1.0                 | 1.0                 |
| Creative Communications                                  | 48.5              | 161.4               | 166.5               |
| Overseas Mail Services                                   |                   | 0.1                 | 0.1                 |
| Aviation Management - Acquisitions                       |                   | <u>3.9</u>          |                     |
| NBC - Administrative Operations                          | <u>65.2</u>       | <u>190.6</u>        | <u>190.8</u>        |
| <hr/>  |                   |                     |                     |
| Budget and Finance Directorate                           |                   |                     |                     |
| IDEAS  | 90.0              |                     |                     |
| Financial Systems  | 15.0              |                     |                     |
| Aviation Management - Finance                            |                   | <u>4.2</u>          | <u>0.0</u>          |
| NBC AMD  | <u>105.0</u>      | <u>4.2</u>          | <u>0.0</u>          |
| <hr/>  |                   |                     |                     |
| Aviation Management Directorate                          | <u>72.9</u>       | <u>66.9</u>         | <u>70.5</u>         |
| Aviation - Discretionary Activities                      | <u>72.9</u>       | <u>66.9</u>         | <u>70.5</u>         |
| <hr/>  |                   |                     |                     |
| Appraisal Services Directorate                           |                   |                     |                     |
| NBC-Appraisal Services                                   |                   |                     |                     |
| <hr/>  |                   |                     |                     |
| NBC Direction  |                   |                     |                     |
| NBC - Management   |                   |                     |                     |
| <hr/>  |                   |                     |                     |
| <b>Subtotal National Business Center</b>                 | <u>307.4</u>      | <u>354.9</u>        | <u>324.2</u>        |
| <hr/>  |                   |                     |                     |
| <b>TOTAL</b>   | <u>697.8</u>      | <u>648.0</u>        | <u>610.6</u>        |

Office of Surface Mining Reclamation and Enforcement

| <b>AML Reclamation Accomplishments</b><br><b>Historical Data Through September 30, 2004</b><br><b>Priority 1, 2, and 3 Problems</b>  |              |                        |                    |                                      |                                    |
|--|--------------|------------------------|--------------------|--------------------------------------|------------------------------------|
| <b>Problem Type</b>  | <b>Units</b> | <b>Number of Units</b> | <b>GPRA Acres</b>  | <b>Cost of Completed Reclamation</b> | <b>Remaining Reclamation Costs</b> |
| Bench  | Acres        | 688                    | 688                | 3,035,215                            | 12,433,122                         |
| Clogged Streams  | Miles        | 386                    | 1,901              | 41,082,333                           | 53,324,550                         |
| Clogged Stream Lands   | Acres        | 18,952                 | 18,952             | 181,037,315                          | 211,585,657                        |
| Dangerous Highwalls  | Feet         | 2,344,885              | 33,593             | 291,356,533                          | 698,913,991                        |
| Dangerous Impoundments   | Count        | 693                    | 4,210              | 23,595,725                           | 19,905,750                         |
| Industrial/Residential Waste   | Acres        | 249                    | 249                | 1,665,321                            | 818,462                            |
| Dangerous Piles & Embankments  | Acres        | 10,942                 | 10,942             | 186,721,739                          | 249,892,659                        |
| Dangerous Slides   | Acres        | 3,007                  | 3,007              | 121,922,064                          | 101,334,063                        |
| Equipment/Facilities   | Count        | 607                    | 65                 | 5,713,472                            | 3,550,382                          |
| Gases: Hazardous Explosive   | Count        | 32                     | 32                 | 485,195                              | 2,755,831                          |
| Gobs (Coal waste piles)  | Acres        | 5,859                  | 5,559              | 72,178,530                           | 61,052,737                         |
| Highwalls  | Feet         | 172,658                | 2,466              | 11,693,586                           | 1,159,693,149                      |
| Hazardous Equipment & Facilities   | Count        | 4,286                  | 435                | 22,361,747                           | 29,300,110                         |
| Haul Road  | Acres        | 1,105                  | 1,105              | 3,562,098                            | 4,279,452                          |
| Hazardous Water Body   | Count        | 626                    | 3,332              | 34,975,582                           | 52,990,100                         |
| Industrial/Residential Waste   | Acres        | 666                    | 666                | 3,464,988                            | 11,554,738                         |
| Mine Opening   | Count        | 424                    | 42                 | 910,491                              | 7,053,185                          |
| Other  | -----        | 8,251,645              | 7,500,221          | 7,776,574                            | 22,107,150                         |
| Polluted Water: Agricultural & Industrial  | Count        | 328                    | 1,616              | 39,328,269                           | 114,299,117                        |
| Polluted Water: Human Consumption  | Count        | 21,707                 | 108,532            | 121,897,749                          | 3,742,073,654                      |
| Portals  | Count        | 9,274                  | 951                | 38,725,181                           | 23,574,706                         |
| Pits   | Acres        | 2,225                  | 2,225              | 11,455,342                           | 42,104,122                         |
| Subsidence   | Acres        | 5,914                  | 5,914              | 253,527,445                          | 496,865,032                        |
| Spoil Area   | Acres        | 24,401                 | 24,401             | 63,385,332                           | 297,491,667                        |
| Surface Burning  | Acres        | 1,226                  | 1,226              | 34,901,245                           | 22,703,623                         |
| Slurry   | Acres        | 2,244                  | 2,244              | 22,676,421                           | 7,116,399                          |
| Slump  | Acres        | 85                     | 85                 | 850,590                              | 98,486,475                         |
| Underground Mine Fire  | Acres        | 1,404                  | 1,404              | 80,040,199                           | 873,017,584                        |
| Vertical Opening   | Count        | 4,334                  | 482                | 26,875,171                           | 33,496,477                         |
| Water Problems   | Gal/Min      | 6,404,210              | 5,111,891          | 6,465,571                            | 92,143,578                         |
| <b>Total</b>   |              |                        | <b>12,848,436*</b> | <b>\$1,713,667,023</b>               | <b>\$8,545,917,522</b>             |
| * 248,436 acres (excluding Other – 7.5 m acres & Water Problems - 5.1 m acres)   |              |                        |                    |                                      |                                    |
| <b>Note:</b> GPRA Acres are non-acre measures (feet of highwalls or number of portals that are converted by formula to acres. GPRA acres are used to measure program performance). Includes Acid Mine Drainage, Coal Interim Site Funding, Coal Insolvent Surety Site Funding, and Pre-SMCRA Coal State/Tribe Programs |              |                        |                    |                                      |                                    |
| <b>Source: Abandoned Mine Land Inventory System (AMLIS).</b>   |              |                        |                    |                                      |                                    |

*Office of Surface Mining Reclamation and Enforcement*

30 U.S.C. 1231, 1232, 1233 and 1239 – Provides for the payment of fees and other monies into the Abandoned Mine Reclamation fund (Fund). The Fund consists of amounts deposited from time to time, derived from reclamation fees, donations, audit recoveries, interest charges, and administrative collection fees.

The funds collected are used for the reclamation and restoration of land and water resources adversely affected by past mining. SMCRA provides for the use of the monies for the purpose of protecting public health and facilities, safety, general welfare, and property from extreme danger and adverse effects of coal mining practices; restoration of land and water resources and the environment previously degraded by adverse effects of coal mining operations. It also provides that monies in the Abandoned Mine Reclamation Fund will be used to cover the administrative expenses of the Federal Government, accomplish abandoned mine reclamation and develop guidelines on the distribution of monies in the Fund.

30 U.S.C. 1257, as amended by Public Laws 101-508 and 102-486 - Provide for the regulatory authority to designate a qualified laboratory to obtain technical information and prepare technical findings required by the operator for the permit application, and for the regulatory authority to assume the cost for such services. Further, the Act provides for the Secretary to provide or assume the cost of training for regulatory program compliance and permit application preparation for eligible small operators.

30 U.S.C. 1252, 1253, 1254, 1271, 1272, 1273, 1295, 1300, 1302 – These sections provide for aid to all primacy States for maintaining approved regulatory programs and evaluation of the States' performance in doing so; monitoring implementation of the grant programs; small operator assistance programs; and for regulatory programs in States without approved programs, on Federal lands and on Indian lands; processing of permit applications and mine plans for Federal lands operations; designating of lands unsuitable for surface mining through technical reviews; scientific/engineering support and technical training for States operating approved permanent programs and federally administered programs; initiation of technical studies; issuance of technical publications; approval of experimental practices to meet the needs of approved State programs and federally-administered programs; preparation of environmental assessments and impact statements for permits and other actions; and training of OSM staff and State staff to enable these agencies to more effectively carry out the provisions of the act.

30 U.S.C. 1260, 1268 – These sections provide for the assessment and collection of penalties levied for violations of the Act, and for the denial of permits to those with unabated violations or unpaid penalties.

**By State and Tribe Funding Data  
FY 2004 Obligations for Grants, Cooperative Agreements and Federal Project Spending  
(DOLLARS IN THOUSANDS)**

| STATE         | Environmental Restoration |           |         |                     | Environmental Protection |                   | Tech. Dev. &Trans |       |         |
|---------------|---------------------------|-----------|---------|---------------------|--------------------------|-------------------|-------------------|-------|---------|
|               | AML Funding               |           |         | Federal Reclamation |                          | Regulatory        |                   | SOAP  |         |
| TRIBE         |                           |           |         | Program             |                          | Grants/Agreements |                   |       | TOTAL   |
|               | Reclamation               | Emergency | Clean   | High Priority       | Emergency                | Non-Federal       | Federal           |       |         |
|               | Projects                  | Projects  | Streams | Projects            | Projects                 | Lands             | Lands             |       |         |
| Alabama       | 2,929                     | 400       | 287     |                     |                          | 988               |                   | 39    | 4,643   |
| Alaska        | 1,500                     | 25        |         |                     |                          | 188               |                   |       | 1,713   |
| Arkansas      | 1,500                     | 15        |         |                     |                          | 74                | 76                |       | 1,665   |
| California    |                           |           |         | 74                  |                          |                   |                   |       | 74      |
| Colorado      | 2,732                     |           |         |                     | 231                      | 150               | 1,805             |       | 4,918   |
| Georgia       |                           |           |         | 156                 |                          |                   |                   |       | 156     |
| Illinois      | 8,272                     | 800       | 724     |                     |                          | 2,439             |                   |       | 12,235  |
| Indiana       | 5,075                     | 350       | 320     |                     |                          | 1,992             |                   |       | 7,737   |
| Iowa          | 1,529                     | 60        | 172     |                     |                          | 129               |                   |       | 1,890   |
| Kansas        | 1,670                     | 465       |         |                     |                          | 113               |                   |       | 2,248   |
| Kentucky      | 15,913                    |           | 712     |                     | 4,703                    | 11,287            | 1,027             | 884   | 34,526  |
| Louisiana     | 148                       |           |         |                     |                          | 167               |                   |       | 315     |
| Maryland      | 2,235                     |           | 163     |                     | 25                       | 668               |                   | 35    | 3,126   |
| Michigan      |                           |           |         | 271                 |                          |                   |                   |       | 271     |
| Mississippi   |                           |           |         |                     |                          | 114               |                   |       | 114     |
| Missouri      | 508                       | 180       |         |                     |                          | 85                |                   |       | 773     |
| Montana       | 3,557                     | 125       |         |                     |                          | 204               | 827               |       | 4,713   |
| New Mexico    | 4,694                     |           |         |                     |                          | 285               | 452               |       | 5,431   |
| North Dakota  | 1,529                     | 100       |         |                     |                          | 270               | 232               |       | 2,131   |
| Ohio          | 6,856                     | 2,300     | 492     |                     |                          | 2,020             |                   |       | 11,668  |
| Oklahoma      | 1,500                     | 100       | 153     |                     |                          | 940               |                   |       | 2,693   |
| Oregon        |                           |           |         | 25                  |                          |                   |                   |       |         |
| Pennsylvania  | 41,669                    |           | 2,062   |                     | 2,946                    | 10,666            |                   | 967   | 58,310  |
| Rhode Island  |                           |           |         |                     |                          |                   |                   |       | 0       |
| South Dakota  |                           |           |         | 39                  |                          |                   |                   |       | 39      |
| Tennessee     |                           |           |         | 1,200               | 228                      |                   |                   |       | 1,428   |
| Texas         | 3,006                     |           |         |                     |                          | 1,351             |                   |       | 4,357   |
| Utah          | 2,227                     |           |         |                     |                          | 225               | 1,506             |       | 3,958   |
| Virginia      | 4,167                     | 1,850     | 305     |                     |                          | 3,259             | 0                 |       | 9,581   |
| Washington    |                           |           |         | 417                 | 368                      |                   |                   |       | 785     |
| West Virginia | 28,104                    | 4,000     | 1,238   |                     |                          | 10,520            |                   | 50    | 43,912  |
| Wyoming       | 37,371                    |           |         |                     |                          | 2,120             |                   |       | 39,491  |
| Crow          | 572                       |           |         |                     |                          | 63                |                   |       | 635     |
| Hopi          | 200                       |           |         |                     |                          | 174               |                   |       | 374     |
| Navajo        | 4,045                     |           |         |                     |                          | 449               |                   |       | 4,494   |
| N. Cheyenne   |                           |           |         |                     |                          |                   |                   |       | 0       |
| Total         | 183,508                   | 10,770    | 6,628   | 2,182               | 8,501                    | 50,940            | 5,925             | 1,975 | 270,404 |

