SURFACE MINING CONSERVATION AND RECLAMATION ACT
REMINING INCENTIVES REPORT
1996-2000

Prepared for:
Senate Environmental Resources and Energy Committee
and
House Environmental Resources and Energy Committee

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I. Executive Summary

In accordance with the requirements of Section 4.11b of the Commonwealth's Surface Mining Conservation and Reclamation Act (SMCRA) regarding the Department's reclamation and remining programs, this report is submitted to the Senate Environmental Resources and Energy Committee and to the House Environmental Resources and Energy Committee. Section 4.11b was added to the SMCRA by passage of Act 173 on Dec. 18, 1992. This report provides the status of the Department's reclamation and remining programs authorized under the SMCRA Sections 4.8, 4.9, 4.10, 4.12, 4.13, and 18. Information is current to May 31, 2000.

Since inception, Pennsylvania's remining programs have been very successful. Coal mine operators using these programs have committed to reclaiming 7,878 acres of remine area, equivalent to $38,397,740 in reclamation value. The Department has spent $1,149,781 in staff time and Remining Operator's Assistance Program contracts to support the various remining incentive programs. This represents a benefit to cost ratio of 33:1 or $33.00 of reclamation by mine operators for every dollar spent by the Department.

The Government Financed Reclamation Contracts program is for contracted operations that will reclaim abandoned mine lands sites at little or no cost to the public. Between January 1995 and September 1999, 32 contracts covering 587.9 acres have been issued. As of May, nine contracts have been completed. One contract established a vertical flow wetland that improved two miles of stream. Eight contracts (reclaiming coal refuse piles) covering 92 acres have been completed at a reclamation value of approximately $607,410. The Department has spent $96,219 in staff time to manage this program. This represents a benefit cost ratio of $6.00 in reclamation work for every $1.00 spent by the Department. When the remaining contracts are successfully completed a total reclamation value of $6,266,090 will be realized. Recent changes in the federal Surface Mine Control and Reclamation Act have authorized a similar federal program. This Pennsylvania program continues as a combination of both the state and federal provisions in an expanded form called "No Cost" Government Financed Construction Contracts, which is one of the initiatives of the Commonwealth's "Reclaim PA" program.

The Remining Operator Assistance Program (ROAP) provides an incentive to remine and reclaim abandoned mine land areas by providing financial assistance for most of the cost of permitting the remining area. Between August 1996 and May 31, 2000, 24 operators requested to participate in this program on 41 remining sites. Through May 31, 13 projects have resulted in permits. If all of the in-process projects become permits, the value of the reclamation could reach $14,558,500. The Department has spent $669,474 in staff time and consultant contracts. This represents a benefit-cost ratio of $22 in reclamation for every $1 spent by the Department.

Under the Financial Guarantees program, the Department of Environmental Protection provides low-cost bonding of remining areas. As of May 31, 2000, 78 coal mine operators used Financial Guarantees to bond 231 mining permit increments. Those operations have reclaimed 680.8 acres of abandoned mine land, saving the Commonwealth an estimated $3,744,400. The same 78 coal mine operators have also agreed to reclaim an additional 3,167.9 acres. It will take 3 – 7 years to complete this reclamation. When completed the total estimated reclamation value is $17,423,450. The Department has spent $373,397 in staff time for this program. This represents a benefit-cost ratio of $47 for every $1 spent by the Department.

The Bond Credits program also provides an incentive to an operator to reclaim an abandoned area by earning a "bond credit" under a Consent Order and Agreement with the Department. Four licensed mine operators have submitted proposals for Bond Credit projects. Three projects have been completed under this program, reclaiming 26.2 acres. The fourth project is in process. The three completed projects represent a reclamation value of $149,700. The Department has spent $10,668 in staff time for this program over four fiscal years. This represents a benefit-cost ratio of $14 in reclamation for every $1 spent by the Department.

The Department has not yet promulgated regulations nor established final criteria for the Designating Areas Suitable for Remining program. This program was deemed to be of lower priority to the mining industry than the other remining incentive programs.

Section 18 of the SMRCA, as amended by Act 173 of 1992 and by Act 43 of 1996, authorizes the Secretary of the Department of Environmental Protection to transfer a total of $1,000,000/year into the Remining Environmental Enhancement Fund for ROAP and the Designating Areas Suitable for Remining program. Through May 30, 2000 the ROAP program has received appropriations of $700,000 from the Remining Environmental Enhancement Fund ($450,000 from the Surface Mining Conservation and Reclamation Fund, $125,000 from the Coal Refuse Disposal Control Fund, and $125,000 from the Bituminous Mine Subsidence and Land Conservation Fund). The ROAP program spends about $250,000/year, which is sufficient to fund approximately 15 projects each year. All authorized funds were spent or encumbered for specific projects as of May 31.

The Legislature also authorized the establishment of the Remining Financial Assurance Fund (RFAF) in the 1992 amendments to the SMCRA. This fund is used to provide the reserve for the Financial Guarantee and Bond Credits programs. These amendments authorized the Department to transfer up to $5,000,000 from the Land and Water Development Fund to RFAF. In 1996, $1,000,000 was transferred into the RFAF, and another $1,000,000 was

transferred into the RFAF in 1997. No expenditures are planned from RFAF. The Bond Credit program is required to have funds in RFAF at least equal to funds issued as Bond Credits. The Financial Guarantee program is authorized to use an actuarial formula (mine permit forfeiture rate + a safety factor) to leverage the amount of money in the reserve.

The Department requested that the Office of Administration conduct an audit of the Financial Guarantee and Bond Credit programs at an early stage. The audit was completed on February 11, 1999. A complete listing of the Office of Administration's recommendations and the Department's responses is included in Appendix I.

Summary of Remining Programs
1996 - 1999

Program	Fiscal Year	Number of Companies	Number of Projects	Dollars Spent in Staff Time	DEP Actual Cost/Acre For Areas Already Reclaimed 5/31/2000	Remine Acres Agreed To Reclaim	Current Value of Bond Credits or Financial Guarantees	AML Acres Reclaimed as of 5/31/2000	Estimated Reclamation Value When all Initiated Projects are Completed	Reclamation Value of Projects Completed by 5/31/20000
Government Financed Reclamation Contracts	95 – 99	15	31	$96,219	$1164/acre	587.9	N/A	92.0	$6,266,090	$607,100
ROAP	97 – 99	24	41	* $669,474	$284/acre	4096.0	N/A	62.0	$14,558,500	$341,000
Financial Guarantee	96 – 99	78	231	$373,397	$548/acre	3167.9	$7,318,465	680.8	$17,423,450	$3,744,400
Bond Credits	96 – 99	3	3	$10,691	$408/acre	26.2	$105,542	26.2	$149,700	$149,700
Totals			**306**	**$1,149,781**		**7878.0**		**851.6**	**$38,397,740**	**$4,842,510**

*Includes Estimated Staff Costs and ROAP Contract Expenditures

II. Conclusions

The Department has developed four of the five remining incentive programs authorized by the 1992 amendment to the Surface Mine Conservation and Reclamation Act (SMCRA): Government Financed Reclamation Contracts, Remining Operator's Assistance Program (ROAP), Financial Guarantees and Bond Credits. The fifth program, Designating Areas Suitable for Remining, was a lower priority. In the time the four programs have been available (fiscal years 96-99) coal mine operators have used them to aid in completing reclamation of 851.6 acres (769.6 acres of abandoned surface mine land and 92.0 acres of abandoned coal refuse). This equates to an approximate reclamation value of $4,842,510 (completed reclamation areas only). In general, it takes several years to negotiate leases, obtain permits, and then remine and reclaim a site. There are many projects in the process of permitting, remining or reclamation not yet completed. During the same time period, industry agreed to reclaim 7,870 additional acres of remine area. During the next 3 - 7 years, these in-process projects should result in an estimated $38,397,740 of reclamation.

Department costs to operate the programs are minimal. Roughly half is staff time and the other half is for ROAP consultant contracts. No additional staff was hired for these programs. Existing staff absorbed the remining program work as additional duties.

These programs are encouraging abandoned mine land reclamation at a dramatic cost saving to the Commonwealth. The environment is enhanced, the mine operators are receiving support, and the Commonwealth's abandoned mine land burden is being reduced. This is a win-win situation for everyone in the Commonwealth. The Governor's "Reclaim PA" program aims to maximize reclamation of Pennsylvania's $15 billion abandoned mine legacy, and remining by industry is a major component of this reclamation effort. This program is intended to maximize reclamation by expanding the financial incentive for operators to remine and reclaim abandoned mine lands as opposed to virgin lands. These remining incentives have become the keystone in the Commonwealth's "Reclaim PA" program. The Department will continue to identify and develop all possible incentives to encourage and expand remining operations.

Early in the permit application process an operator may apply to the Department for a remining bond. The Department would be responsible to make an abandoned mine land eligibility determination, calculate the cost of reclaiming the abandoned mine land site, and gather other requisite information needed by the U.S. Office of Surface Mining Reclamation and Enforcement (OSM) to complete a review as required by the National Environmental Project Act of 1969 and render an authorization to proceed, the same as with any abandoned mine land project. The conventional bond for the permit will be calculated. The Department will issue a guarantee as part of the requisite bond in an amount equal to the cost of reclaiming the abandoned mine land portion of the permit. The operator will provide a bond for the difference between the state-issued guarantee and the full conventional bond calculation. If it is possible to ascertain preexisting abandoned mine land liability after the site has been re-affected under an existing permit, operators may use this program on existing sites.

Recommendations:

- The mining industry (Larson Enterprises, Inc.; Johnson Brothers Coal Company; E. P. Bender Coal Company; Robinson Coal Company; Kerry Coal Company) has asked that the maximum financial guarantee limits for operators ($240,000) and for individual permits ($80,000) be raised. Four coal mine operators have been at the maximum limit, and have had to wait while completion reports were processed to use financial guarantee on the next permit. Sixteen permits have the maximum $80,000 financial guarantee bond. The Department will review this request is a positive light after the Penn Futures law suit has been resolved.
- The Department spent or encumbered all allocated ROAP funds by the end of the 1999 fiscal year. As of May 2000, ROAP has received appropriations of $700,000 from Remining Environmental Enhancement Fund, $450,000 has come from the Surface Mining Conservation and Reclamation Fund, $125,000 has come from the Coal Refuse Disposal Control Fund, and $125,000 has come from the Bituminous Mine Subsidence and Land Conservation Fund. The Remining Operator Assistance Program spends about $250,000/year, which is sufficient to fund approximately 15 projects. The Department of Environmental Protection will to continue to transfer limited funds for ROAP to keep this program viable until the Penn Futures law suit has been resolved.
- The Department will develop and incorporate into a future regulation package several modifications to Chapter 86 to clarify the existing regulations that control the financial guarantee and bond credit programs.

III. Background

This report has been prepared in accordance with the requirements of Section 4.11b of the Surface Mine Conservation and Reclamation Act (SMCRA). Section 4.11b requires a report regarding the Department's reclamation and remining programs to the Senate Environmental Resources and Energy Committee and to the House Environmental Reources and Energy Committee. Section 4.11b was added to the SMCRA by passage of Act 173 on Dec. 18, 1992. This report provides the status of the Department's reclamation and remining programs authorized under the SMCRA Sections 4.8, 4.9, 4.10, 4.12, 4.13, and 18.

There are five primary reclamation and remining programs authorized by these sections of the SMCRA:

- Section 4.8 - Government Financed Reclamation Contracts
- Section 4.9 - Designating Areas Suitable for Remining
- Section 4.10 - Remining Operator's Assistance Program
- Section 4.12 - Financial Guarantees to Ensure Reclamation
- Section 4.13 - Reclamation Bond Credits Program

Section 18 of the SMCRA includes the creation of Remining Environmental Enhancement Fund and Remining Financial Assurance Fund. The status of both of these funds is included in Sections V and VI, respectively, of this report.

In addition to the program descriptions contained in this report, appropriate tables for each program showing site/operator lists, project cost, reclamation dollar value, acres reclaimed and pertinent dates are contained in the appendices to this report. Many of the remining incentive programs refer to a "remined area". The "remined area" is defined as the AML area to be reclaimed and up to 300 feet of adjacent previously unmined area that is needed to complete the reclamation.

This report covers the period from May 24, 1996 (passage of the Act 43 Amendment to the SMCRA) to May 31, 2000. This report was submitted to the Mining and Reclamation Advisory Board (MRAB) as required by Section 4.11c5 of SMCRA. The MRAB's comments are included as Appendix A.

IV. Individual Program Descriptions

A. SMCRA Section 4.8 - Government Financed Reclamation Contracts

The Government Financed Reclamation Contracts program is for contracted operations that will reclaim abandoned mine land sites at little or no cost to the public. This program is also known as the No Cost Government Financed Reclamation Contracts Program. Regulations were deemed unnecessary for this program. This program allows removal of incidental coal or coal refuse during the reclamation of an abandoned mine land site. Occasionally, it is necessary to remove coal in order to

effectively and efficiently reclaim an abandoned mine land site. It is also possible to greatly reduce the cost to the government by allowing coal or coal refuse to be removed to offset the cost of the reclamation project.

Coal refuse is the waste product generated from the physical or chemical cleaning or processing of coal. It contains pyrite (the major culprit in the formation of acid mine drainage pollution), residual coal, and various types of rocks and spoil. The Department's Bureau of Abandoned Mine Reclamation has inventoried 854 abandoned coal refuse piles, covering 8,600 acres in 36 of the 67 Pennsylvania counties. The estimated cost to reclaim these piles is $257 million.

Under the Government Financed Reclamation Contract program, the mining industry has made progress in reclaiming coal refuse and other abandoned mine land sites at no additional direct cost to the Commonwealth. Since January 1995, 32 contracts covering 587.9 acres have been issued. Nine contracts have been completed. One contract established a vertical flow wetland that improved two miles of stream. Eight contracts (coal refuse pile reclamation) covering 92.0 acres have been completed, saving the Commonwealth approximately $607,410. When the remaining contracts are successfully completed, an additional $6,266,090 value will have been realized. The Department's average cost/acre has been $1,164/acre to reclaim abandoned mine land under this program. The individual projects are listed in Appendix B.

The Government Financed Reclamation Contracts program was recently expanded when a similar program was authorized by the federal Surface Mine Control and Reclamation Act. The new program is known as the Government Financed Construction Contracts program and is one of the initiatives of the "Reclaim PA" program. The United States Department of Interior Office of Surface Mining Reclamation and Enforcement approved an amendment to Pennsylvania's Abandoned Mine Reclamation Plan (see Appendix C). On March 26, 1999 the Government Financed Construction Contracts program replaced the initial Government Financed Reclamtion Contracts program. Part of this change was the federal requirement for actual governement funding. Government Financed Construction Contracts program can allow incidental coal removal as part of abandoned mine land reclamation contracts, authorizes no cost reclamation contracts and allows reclamation of abandoned mine land adjacent to active mining operations using excess spoil.

Government Financed Reclamation Contracts Overview:

Reclamation value of the 9 projects completed through	$607,410

5/31/2000	
Reclamation value of the 23 projects contracted through 5/31/2000	$6,266,090
Number of acres of coal refuse pile completed through 5/31/2000	92.0
Number of acres of coal refuse pile contracted through 5/31/2000	587.9
Number of projects completed through 5/31/2000	9

Case Study – Government Financed Reclamation Contract
M & Y Services, Inc.
German Township, Fayette County

M&Y Services, Inc. signed a Government Financed Reclamation Contract on Dec. 11, 1998, to reclaim an abandoned mine in German Township, Fayette County. The site, known as "Lamberton East," covered 13.4 acres of abandoned refuse from the Pittsburgh coal seam. The site was a lifeless and barren wasteland, void of vegetation, and served as a cold reminder of the time before environmental regulations.

As M&Y removed the entire pile of coal refuse from the property, the company covered the site with soils recovered during the remining. M&Y successfully established a permanent vegetative cover of grasses and legumes, bringing the site back to life. A drainage channel that had been buried with coal refuse was also re-established, and it now carries clear water during rainy weather.

All of the work was completed and the performance bond of $94,000 was released on June 29, 1999, just six months after the contract was signed. Shortly after, on August 25, the warranty guarantee of $9,400 was released. The excellent vegetative cover has eliminated all accelerated erosion and prevents damage and degradation to the receiving stream.

The property, once a wasteland, is now a usable parcel of ground. This project, through a Government Financed Reclamation Contract, restored the property and saved the taxpayers in excess of $100,000 in reclamation costs.

B. SMCRA Section 4.9 - Designating Areas Suitable for Remining

The Department has not promulgated regulations nor established final criteria for the Designating Areas Suitable for Remining Program. This program was initially deemed to be of lower priority to the mining industry than the other remining incentive programs because it will benefit only a small number of operators compared with the other programs. The Department also found that, considering the broad industry acceptance of the other incentive programs such as the Remining Operator Assistance Program, the scope and benefits of the designating areas suitable for

remining program required considerably more analysis. Development was postponed. Conceptual plans for the program are available.

C. SMCRA Section 4.10 - Remining Operator's Assistance Program (ROAP)

The regulations for the ROAP program were promulgated as 25 Pa. Code Sections 86.261-270 and became effective on August 24, 1996 (Appendix D).

The ROAP program provides an incentive to an operator to remine and reclaim an abandoned mine land area that the operator would not otherwise reclaim. This incentive is in the form of Department financial assistance towards the cost of permitting the remining area. The ROAP program pays qualified consultants to collect and analyze permit-specific hydrogeologic data and prepare reports used in the mine permit application.

Between August 1996 and May 31, 2000, 24 operators have requested to participate in this program on 41 remining sites. As of May 31, 2000, 13 projects resulted in permits. When completed, the operators will have backfilled and reclaimed 659 acres. The cost to the Department in ROAP program assistance for these 13 sites has been $190,307 (includes contracted consultant expenditures). This equates to a ROAP program remining and reclamation assistance cost of $289/acre for the issued permits.

Seven of the 41 projects were cancelled. The data developed during these ROAP program projects led the operators and the Department to conclude that the sites should not be mined due to potential degradation to the environment. The Department cost for these projects totals $13,762.

The remaining 21 ROAP program projects are in the development stage. Twelve of these have resulted in mining permit applications being submitted that are currently being reviewed. The other ROAP projects are still in the data gathering stage. In addition to the monetary costs, the Department spends about one-half of a employee-year ($21,382) in staff effort in this program. The ROAP program projects are listed in Appendix E.

When all projects either in process or presently permited are completed, the value of the reclamation is estimated to be $14,558,500. Subtracting the DEP ROAP program costs of $669,474 shows a savings to the Commonwealth of $13,889,026.

Remining Operator's Assistance Program (ROAP) Overview

Reclamation value of areas completed through 5/31/00	$341,000
Reclamation value after all supported sites become permits	$14,558,500
Number of acres reclaimed through 5/31/00	62
Number of remine acres reclaimed after all supported sites become permits	4,096
Number of operators participating in ROAP through 5/31/00	24
Number of ROAP contracts started through 5/31/00	41
Number of ROAP contracts becoming permits through 5/31/00	13

Case Study – Remining Operator Assistance Program (ROAP)
Amerikohl Mining Inc.
Young Township, Indiana County

On November 6, 1997, DEP granted assistance to Amerikohl Mining, Inc. under the Commonwealth's Remining Operator's Assistance Program (ROAP) for an 18-acre abandoned mine land project in Young Township, Indiana County.

The site was not unlike many other areas that are part of Pennsylvania's abandoned mine legacy. Steep highwalls surrounded the abandoned surface mine, which was littered by coal refuse piles. Only sparse vegetation could survive in the nutrient-deprived soil. Acid discharges from the coal refuse and abandoned deep mines, together with the surface runoff, were severely degrading the quality of nearby Coal Run, which is part of the Conemaugh River watershed.

The surface mining permit was issued on Jan. 27, 1999. Remining of the abandoned area has resulted in the reclamation of 900 linear feet of highwall, the revegetation of 13 acres that were previously barren, and the removal of five acres of abandoned coal refuse. The remining operation also improved the quality of the watershed, through the removal of the coal refuse deep mine discharges.

Through ROAP, DEP funded the hydrogeology data collection, overburden analysis and hydrogeology report – an investment of $23,431 (approximately 85 percent of the total permit cost). The end result was 18 acres of abandoned mine reclamation worth nearly $100,000.

D. SMCRA Section 4.12 - Financial Guarantees

The Financial Guarantees program regulations were promulgated as 25 Pa. Code Sections 86.281-295 and became effective on August 24,

1996 (Appendix D). Under this program, the Department provides low-cost bonds to guarantee reclamation of the remining area.

Each operator and each permit must meet the regulatory criteria to use this program. An operator is limited to a maximum Financial Guarantee value of 30 percent of the amount allocated in the Financial Guarantee Special Account within the Remining Financial Assurance Fund (RFAF). Each site is limited to a maximum Financial Guarantee value of 10 percent of the amount allocated in the Financial Guarantee Special Account within the RFAF. During the time covered by this report there was $800,000 allocated to the Financial Guarantee Special Account. This allows the Department to write a maximum of $240,000 (30 percent of $800,000) worth of Financial Guarantee bonding for each qualifying operator during the time period of this report. This amount is adjusted periodically by the Department based on premium payments made by the operators as well as any bond forfeitures. An operator may not substitute Financial Guarantees for existing bonds, and Financial Guarantees may not be rolled over. In addition, Financial Guarantees cannot be used to cover the reclamation obligation on another section of the permit area.

An operator does not have to pay the $100/acre permit fee on any area bonded with Financial Guarantees. Bond release is the same as for any other bond; however, Financial Guarantees are the first bond released on a surface mining permit.

The operator pays an annual premium fee for Financial Guarantees of one percent per year. The premium is paid in advance and is not refundable. The one percent fee goes into the RFAF This is the only source of income to the fund.

Since inception of the program on January 3, 1996, about one in every five (19.2 percent) bonding increments that have been issued have included Financial Guarantees.

This program uses low cost bonding as an incentive to encourage coal mine operators to reclaim abandoned mine land. It takes between six months to several years to complete mining and reclamation on a site, depending on the size of the operation and the depth to the coal. An operation may start on a portion of the permit bonded by means other than financial guarantees. As mining and reclamation progress across the permit, reclamation liability is reduced. A permittee may request reduction of the required amount of bond as the liability is reduced. The Surface Mining Conservation and Reclamation Act (SMCRA) requires that the first bond released on a surface mining permit be the financial guarantee. In several cases the Department has approved a reduction in the total amount of bond on an active permit. This reduction in total bond has resulted in a partial or total release of the financial guarantee on some

sites before the operator mined the specific area covered by the original financial guarantee. The bond remaining on the permit covers the operator's obligation on the remine. The operator is still obligated to reclaim the remine area. However, the abandoned mine land area to be reclaimed may not be completed for a while. Even with the multi-year life of most mine operations, this program has already accomplished reclamation of 111.7 acres of abandoned mine.

As of May 31, 2000, 78 coal mine operators have used Financial Guarantees to bond 231 mining permit increments. Those operators have reclaimed 680.8 acres of abandoned mine land. This has saved the Commonwealth an estimated $3,744,400 in reclamation costs, based on an average of $5,500/acre. The Commonwealth's cost to operate this program is approximately 2.5 employee-years of Department staff effort each year. Applying the approximate staff cost of $42,764/employee-year, the Department's cost during the period from January 3, 1996 to May 31, 2000 for this program has been $373,397. Dividing $373,397 by 680.8 acres equates to an average Department cost of $548/acre. This cost/acre will be reduced dramatically as the reclamation for the issued projects is completed and factored into this calculation. The same 78 coal mine operators agreed to reclaim 3,167.9 acres of remine area. It will take three to seven years to complete this reclamation. When completed the estimated reclamation value (3167.9 acres X $5,500) will be $17,423,450. These projects are listed in Appendix F.

Financial Guarantees Overview

Reclamation value of abandoned mine land projects Completed through 5/31/2000	$3,744,400
Reclamation value of remine acres contracted through 5/31/2000	$17,423,450
Number of acres of AML completed through 5/31/2000	680.8
Number of remine acres contracted through 5/31/2000	3,167.9
Number of operators participating through 5/31/2000	78
Number of financial guarantees issued through 5/31/2000	231

Case Study – Financial Guarantees to Ensure Reclamation
Moravian Run Reclamation
Pike Township, Clearfield County

Moravian Run Reclamation was issued a surface mining permit on Sept. 9, 1999, to affect 85 acres in Pike Township, Clearfield County. The permit area is located at the headwaters of Hogback Run, which is a native trout stream.

Prior to this remining operation, the site contained more than 2,500 feet of dangerous highwall from an abandoned surface mine, ranging from 40 to

65 feet high. The site was also degraded from abandoned deep mine workings and old spoil ridges following the highwalls. In addition, the site had become a popular trash dump, further deteriorating the environmental and aesthetic quality of the area. The abandoned mine was also causing sedimentation problems in Hogback Run.

Approximately two-thirds of the site has been remined and reclaimed. The mining has reclaimed the dangerous highwall and the spoil ridges. The operation also cleared the trash dump, "daylighted" portions of the abandoned deep mine and stopped the erosion-causing sedimentation to Hogback Run. Without the remining incentive of low cost financial guarantees, most of the remining and reclamation of the abandoned mine land would not have been done on this site.

At the conclusion of this operation, the land will once again be returned to a safe and productive condition – as it was before it was mined – and the whole community will benefit. The reclaimed area will be used as forestland and will also house a new maintenance facility for Pike Township. Through the elimination of sediments, the quality of Hogback Run will be improved, which will benefit the local trout nursery. When completed, Moravian Run Reclamation will have accomplished a reclamation project valued at more than $200,000, at no cost to the public.

E. SMCRA Section 4.13 - Reclamation Bond Credits (Bond Credits)

The Bond Credits program regulations were promulgated as 25 Pa. Code Sections 86.281-295 and became effective on August 24, 1996 (Appendix D).

The Bond Credits program also provides an incentive to an operator to reclaim an abandoned mine area that the industry would not ordinarily reclaim. An operator may earn a "bond credit" under a Consent Order and Agreement with the Department by reclaiming an abandoned mine land area. The area does not have to be associated with a mining permit. The value of the bond credit is equal to the lesser of either the Department's cost or the operator's cost to reclaim the stipulated area. Once earned, the operator may use the bond credit instead of normal bonding on future mining permits.

Each bond credit may be used twice by the operator in lieu of a normal bond on a mining permit. Bond rollovers are allowed and do not count as a second use. The bond credit may also be transferred to another operator.

Four licensed mine operators have submitted proposals for Bond Credit projects. These projects have been reclaimed and one is in process.

The Commonwealth's cost in operating this program is approximately one employee/month of Department staff effort for each project. Applying the approximate staff cost of $42,674/year, the Department's cost for the three completed projects has been approximately $10,668. The average Department bond credit cost of $407/acre compares very favorably with the Department's reclamation costs ($5,500/acre) for the contracted reclamation projects. These projects are listed in Appendix G.

Reclamation Bond Credits (Bond Credits) Overview

Reclamation value for completed projects	$149,700
Number of acres reclaimed through 5/31/2000	26.2
Number of projects completed through 5/31/2000	3

Case Study – Reclamation Bond Credit Program
MSM Coal Company, Inc.
Redbank Township, Clarion County

In the spring of 1998, MSM Coal Company, Inc. submitted a request to reclaim abandoned surface mine lands in Redbank Township, Clarion County, under the bond credit program. The abandoned surface mine contained a pre-Act pit and spoil piles within a 3.9-acre area that was adjacent to the company's existing surface mining permit.

Prior to this project, the site was nearly lifeless, with only sparse vegetation struggling to survive. The trees growing on site were deformed and small and were of no commercial value, even for pulpwood. Because the soil lacked necessary nutrients, only poor quality trees could grow in this area. Extremely shallow root growth due to poor soil quality allowed wind to push the trees over.

A Consent Order and Agreement to complete the reclamation was executed between the Department and MSM on July 28, 1998. The work completed by MSM consisted of backfilling the abandoned pit to approximate original contour with the spoil and revegetating the site. The reclamation work required moving 20,753 cubic yards of spoil, grading the site and seeding it with a grass mixture. The site was planted in the fall of 1998. Because of this successful project, the reclaimed area now blends seamlessly into the surrounding unmined area.

The estimated cost for the Department to reclaim this site was $20,654 and was compared to the operators estimated cost of $24,002. The amount of the bond credit is the lesser of the two amounts, so in this case the Department's cost was the amount used. To ensure the revegetation

was successful, the site was monitored for one year. MSM was granted the bond credit in the amount of $20,645 in the fall of 1999.

V. Remining Environmental Enhancement Fund (REEF)

Section 18 of the Surface Mine Conservation and Reclamation Act (SMCRA), as amended by Act 173 of 1992, authorizes the Secretary to transfer a total of $1,000,000/year into the Remining Environmental Enhancement Fund (REEF). This transfer shall be aggregated from revenue sources in the Surface Mining Conservation and Reclamation Fund, the Clean Water Fund, the Coal Refuse Disposal Control Fund, and the Bituminous Mine Subsidence and Land Conservation Fund. REEF is used to fund the ROAP program and the Designating Areas Suitable for Remining program.

To date, the ROAP program has received appropriations of $700,000 from REEF ($450,000 from the Surface Mining Conservation and Reclamation Fund, $125,000 from the Coal Refuse Disposal Control Fund, and $125,000 from the Bituminous Mine Subsidence and Land Conservation Fund). The ROAP program spends about $250,000/year, which is sufficient to fund approximately 15 projects.

VI. Remining Financial Assurance Fund (RFAF)

The Legislature also authorized the establishment of the Remining Financial Assurance Fund (RFAF) in the 1992 amendments to the Surface Mining Conservation and Reclamation Act (SMCRA). This fund is used to provide the reserve for the Financial Guarantee and Bond Credits Programs. These amendments authorized the Department to transfer up to $5,000,000 from the Land and Water Development Fund to the RFAF. $1,000,000 was transferred into the RFAF in 1996. A second $1,000,000 was transferred into the RFAF in 1997.

There are no planned expenditures from the RFAF. The money in this fund is used as a reserve to guarantee the bonds written in the Bond Credit and Financial Guarantee programs. The Bond Credit program is required to have funds in the RFAF at least equal to funds issued as Bond Credits. The Financial Guarantee program is authorized to use an actuarial formula (mine permit forfeiture rate + a safety factor) to leverage the amount of money in the reserve to write more financial guarantees than is actually allocated in the fund, based on the historical rate of bond forfeitures. The initial historical rate of bond forfeitures was calculated by taking the number of permits issued in a specific year and dividing it by the number of forfeited permits in that particular year. This calculation was done for the years 1985 to 1996 to derive an annual forfeiture rate for each year. These annual forfeiture rates were averaged to determine the historical rate of bond forfeiture. This resulted in a historical rate of bond

forfeiture of six percent. The 25 percent margin of safety was added to the historical rate of bond forfeiture to determine the adjusted historical rate of bond forfeiture of 7.5 percent. Currently $800,000 is allocated for financial guarantees, allowing the Department to write $10,600,000 in financial guarantees.

The SMCRA limits each operator to a maximum amount of financial guarantee of 30 percent of the amount allocated to the financial guarantee special account within the RFAF. The SMCRA also limits each permit to a maximum amount of financial guarantee of 10 percent of the amount allocated to the financial guarantee special account within the RFAF. Currently there is $800,000 allocated within the RFAF to the financial guarantee special account. The SMCRA limit of 30 percent of the amount of financial guarantee special account equates to the amount available to each operator is $240,000. The SMCRA financial guarantee limit for the amount available for each permit is $80,000.

Some of the permittees participating in the Financial Guarantee program have requested that the maximum amount per permit and the maximum amount per operator be raised.

The only other source of funding for the Financial Guarantee and Bond Credit Programs is from the one percent annual fee that the permittees pay for the use of the Financial Guarantees. Since the financial guarantee program became available in January 1997, the coal mine operators have paid $155,731 in annual fees ($9,179 in 1996, $34,270 in 1997, $54,584 in 1998, and $57,698 in 1999). The annual fees must be held in reserve until the Fund for Financial Guarantees is considered actuarially sound. The Fund is actuarially sound when there is a sufficient amount of money in reserve to cover any expected losses. The Department will not be able to estimate this date until a 10-year history of use has been established. After the Fund is actuarially sound, the annual fees not needed may be allocated to one of the five remining programs authorized by the legislation.

The Department has allocated $800,000 to the Financial Guarantee Special Account to act as the reserve for the Financial Guarantee Program. The Department has allocated $200,000 to the Bond Credit Account to act as the reserve for the Bond Credit Program

The Department's Bureau of Fiscal Management prepares an annual fund report, which lists the deposits, income and expenditures for the RFAF by fiscal year. This report is included as Appendix H.

After the Legislature amended the SMCRA to establish the remining incentives programs, the Department assigned staff to develop and implement the day-to-day processes necessary to establish the financial guarantee and bond credit programs associated with the RFAF. This development team was directed to design the program to be simple for Department staff to manage and to minimize the effort needed by the permittees. The development team is referred to as the Remining Financial Assurance Fund Oversight Committee. This Committee

received a Department Excellence Award for quickly and effectively developing both programs.

At the end of the development task, the Remining Financial Assurance Fund Oversight Committee requested the Office of Administration conduct an audit. The request for an audit of the Financial Guarantee and Bond Credit Programs at an early stage was to make sure that the Department had properly established the programs. The audit was completed on February 11, 1999.

The Office of Administration audit had three objectives: 1) to determine if the security over the data was adequate in the databases and over the network, 2) to determine if the funds in the financial guarantee account were being accounted for correctly and the established program limits for issuance and forfeitures were being adhered to, and 3) to determine if the issuance, usage, rollovers, releases and termination of bond credits were being accurately tracked in the database. These objectives are discussed individually in Appendix I, along with the Office of Administration recommendations and the Departments actions. The Office of Administration made many recommendations for improvements to the management of the Financial Guarantee and Bond Credit Programs through the course of the audit. Many of the recommendations were implemented during the course of the audit. Most of the rest of the remaining recommendations have been implemented as of June 30, 1999.

Appendix A

Mining and Reclamation Advisory Board

The Surface Mining Conservation and Reclamation Act, Remining Incentives Report, 1996-2000, was presented to the Mining and Reclamation Advisory Board on Oct. 26, 2000. The Board voted unanimously to forward the report to the Legislature unchanged.

Appendix B

Government Financed Reclamation and Construction Contracts

County	Fiscal Year	Company Name	Completed	Issuance Date	Type of Work	AML Acres Reclaimed	Value of Reclamation
Armstrong	1995	Leechburg Properties, Inc.	Active	07/08/1995	Coal Refuse Removal	30.0	$390,000
Clearfield	1995	Clearfield Properties, Inc.	Active	05/26/1995	Coal Refuse Removal	20.0	$72,380
Cambria	1995	R N S Services, Inc.	Active	03/03/1995	Coal Refuse Removal	11.0	$66,000
Fayette	1995	M & Y Services, Inc	Active	01/26/1995	Coal Refuse Removal	32.0	$416,000
Fayette	1995	M & Y Services, Inc	Completed	02/26/1995	Coal Refuse Removal	2.0	$26,000
Indiana	1995	RNS Services, Inc.	Completed	08/03/1995	Coal Refuse Removal	8.3	$107,900
					Totals 1995	**103.3**	**$1,078,280**
Allegheny	1996	ACV Power, Inc.	Completed	01/02/1997	Coal Refuse Removal	7.5	$97,500
Blair	1996	M & Y Services	Active	08/25/1995	Coal Refuse Removal	6.5	$39,000
Cambria	1996	R N S Services, Inc.	Active	07/12/1996	Coal Refuse Removal	8.8	$48,800
Cambria	1996	Smith Energy, Inc.	Active	11/14/1996	Coal Refuse Removal	2.9	$22,900
Butler	1996	Kerry Coal Company	Completed	03/06/1997	Build Vertical Flow Treatment	2.0	$90,000
					And Coal Refuse Removal		
					2 miles of stream improvement		
Fayette	1996	M & Y Services, Inc	Completed	01/26/1997	Coal Refuse Removal	8.6	$111,800
Fayette	1996	M & Y Services, Inc	Completed	02/26/1997	Coal Refuse Removal	12.5	$162,500
Somerset	1996	PBS Coals, Inc.	Active	10/16/96	Coal Refuse Removal	6.8	$46,300
					Totals 1996	**55.6**	**$618,800**
Allegheny	1997	A C V Power Corporation	Completed	09/19/1997	Coal Refuse Removal	7.5	$475,000
Fayette	1997	M & Y Services, Inc.	Completed	01/26/1998	Coal Refuse Removal	13.4	$174,200
Fayette	1997	Carbon Fuel Resources, Inc.	Active	02/26/1998	Coal Refuse Removal	6.0	$79,000
Indiana	1997	A C V Power Corporation	Active	01/29/1998	Coal Refuse Removal	39.4	$199,400
Indiana	1997	Amerikohl Mining, Inc.	Active	03/05/1998	Coal Refuse Removal	3.4	$24,700
					Totals 1997	**69.7**	**$952,300**
Greene	1998	Mather Recovery, Inc.	Active	01/30/1999	Coal Refuse Removal	3.0	$39,000
					Totals 1998	**3.0**	**$39,000**
					Totals 1995 - 1998	**231.6**	**$2,688,380**

APPENDIX C

PENNSYLVANIA

ABANDONED MINE RECLAMATION PLAN

AMENDMENT NO. 2

UNDER THE PROVISIONS OF THE FEDERAL SURFACE MINING CONTROL AND RECLAMATION ACT OF 1977

JULY 1998

PREPARED BY THE OFFICE OF MINERAL RESOURCES MANAGEMENT

DEPARTMENT OF ENVIRONMENTAL PROTECTION

TOM RIDGE	**GOVERNOR OF PENNSYLVANIA**
JAMES SEIF	**SECRETARY, DEPARTMENT OF ENVIRONMENTAL PROTECTION**
ROBERT C. DOLENCE	**DEPUTY SECRETARY FOR MINERAL RESOURCES MANAGEMENT, DEPARTMENT OF ENVIRONMENTAL PROTECTION**

NOTE: This version of Amendment No. 2 reflects changes made to address issues identified in OSM HAFO's June 5, 1998 letter.

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EXHIBITS

INTRODUCTION

The Pennsylvania Department of Environmental Protection (DEP) has administered the Title IV AML Reclamation Program in Pennsylvania since July 31, 1982. One of the requirements for achieving primacy was federal approval of our Abandoned Mine Reclamation Plan (Plan).

Since the approval of the Pennsylvania AML reclamation program, the Commonwealth has led the nation in identifying and addressing AML problems that affect public health, safety and the environment. Abandoned mine lands in Pennsylvania constitute a significant liability for the citizens of the Commonwealth while funds available through the Title IV of the Federal Surface Mining Control and Reclamation Act of 1977 (SMCRA) are finite. To address the limited funds and to better serve the citizens of the Commonwealth, PADEP has carefully planned AML program expenditures from Title IV, encouraged AML problem abatement through remining, and has searched for innovative approaches to achieve the reclamation of abandoned coal mining sites. Even with such an aggressive approach, large numbers of sites that seriously affect the citizens of the Commonwealth will never be reclaimed. To address the shortfall in available funds and to maximize other available resources, the Department proposes AML Program Amendment #2 to authorize the Department to enter into agreements with mine operators, individuals and municipalities to direct the reclamation of AML lands that would otherwise remain unreclaimed.

Pennsylvania's long history of mining has left numerous abandoned mine lands. A number of these abandoned sites lack sufficient spoil to allow for proper reclamation or have post-mining discharges or contain large amounts of coal refuse; all of which are very expensive to reclaim through traditional methods. The advent of fluidized-bed combustion processes and cogeneration plants has created a use for some of this coal refuse which provides a means of reclaiming some abandoned coal refuse sites that is more economical than traditional methods. In addition to the abandoned coal refuse disposal areas, opportunities are available for AML reclamation through the placement of spoil from active mines on pre-act pits for the purpose of total reclamation. In those cases where remining is viable (profitable), additional mining has taken place and sites have been reclaimed under mining permits issued under Title V. There are numerous sites where the volume of available coal remaining does not warrant the expense of obtaining a surface mining permit or where the potential liability for perpetual treatment of existing post-mining discharges discourage the remining and reclamation of the site.

Basis of Authority for Proposed Amendment: The PADEP is proposing to amend the AML Plan to implement *Government-financed construction*, found in Section 528 of SMCRA, to allow the exemption to apply in cases involving less than 50 percent financing only in the limited situation where the construction constitutes a government approved and administered abandoned mine land reclamation project under Title IV of SMCRA. In addition, PADEP is proposing to direct the placement of spoil from active permits onto AML eligible lands where the construction constitutes a government approved and administered abandoned mine land reclamation project under Title IV of SMCRA.

The authority for this change is found in Section 413(a) of SMCRA which grants the State broad discretion to carry out the reclamation purposes of Title IV. Section 413(a) of SMCRA provides the State, pursuant to an approved State program, the "*power and the authority, if not granted it otherwise, to do all things necessary or expedient, including the promulgation of rules and regulations, to implement and administer the provisions of this title.*" This proposed rule change is limited in its application to the Abandoned Mine Land Program and is deemed necessary for the Commonwealth to more efficiently and effectively carry out the reclamation mandate established by Congress. It will provide the reclamation program a means to safely, efficiently, and cost effectively dispose of abandoned coal waste and to address AML lands that would not otherwise be remined and reclaimed. Such lands pose a direct threat to the environment or to the public health and safety of the citizens of the Commonwealth.

In addition to the authority granted to PADEP by Section 413(a) of SMCRA, PADEP also has authority under its approved Title IV program. See Exhibit 1. In addition, Section 4.2(a) of PASMCRA provides that where the Secretary of PADEP determines "that a condition caused by or related to surface mining constitutes a hazard to public health or safety, he shall take such measures to abate and remove the same as are provided by Section 1917-A of The Administrative Code of 1929, and as otherwise provided by law for the abatement of nuisances." Section 1915-A(4) also authorizes PADEP to seal or close or backfill abandoned deep or strip coal mines and to perform other mine reclamation work.

The objective of GFCC is to reclaim abandoned mine lands in a cost effective manner. The removal of coal refuse from an abandoned coal refuse disposal area, placement of active spoil on abandoned mine land, and incidental and necessary coal removal on Government-Financed Construction Contracts are incidental to the reclamation activities.

This Plan Amendment 2 consists of one new part that will be added to the original Plan which included parts A, B, and C, and parts D and E from the approved Amendment #1. New Part F contains a description of Pennsylvania's programs for Government-Financed Construction Contracts.

AML Amendment Conformance with 30 CFR Section 884.13

The regulations at 30 CFR Section 884.13 require that certain information be contained in the Plan when a significant change to the program is made. The following is a list of the required information and how it is addressed under this amendment.

A. The designation by the Governor of the Commonwealth of Pennsylvania that the Department of Environmental Protection is the State agency authorized to administer the State Reclamation Program and to receive and administer grants under 30 CFR Section 886 is still in effect as it applies to the Title IV program, including the new initiatives, and is contained in Exhibit 1.

B. A supplemental legal opinion which states that the Department of Environmental Protection has the authority under Pennsylvania and Federal law to conduct the new initiatives in accordance with the requirements of Title IV of the Act, as amended, is located in Exhibit 2.

C. A description of the policies and procedures to be followed by the Department in conducting the reclamation program includes the following:

1. The purposes of Pennsylvania's reclamation program amendment.

The purpose of this AML reclamation plan amendment is to allow the Commonwealth to achieve reclamation of AML lands through contracts with private individuals, construction contractors, coal companies, and municipalities in a manner where the Government would not have to meet the 50% funding levels required by 30 CFR Section 707.5. In addition, this amendment is to allow the Commonwealth to enter into agreements with coal mine operators to direct the placement of excess spoil off permit to achieve reclamation of adjacent AML lands that otherwise may go unreclaimed. The amount of excess spoil from Title V operations will not exceed that amount necessary to address the AML impacts and problems.

Under Section 528(2) of SMCRA, activities involving the "extraction of coal as an incidental part of Federal, state or local government-financed highway or other construction under regulations established by the regulatory authority" are exempt from SMCRA. This provision is implemented by 30 CFR Part 707 of the permanent program regulations. Activities exempt from SMCRA under current 30 CFR Part 707 are restricted to government-financed construction where at least 50 percent or more of the construction funds are funds appropriated from a government agency's budget or obtained from general revenue bonds, and where the extraction of coal is necessary to enable the construction to be accomplished. AML reclamation projects, involving the removal of coal incidental to the reclamation projects, are examples of government-financed construction. Projects involving the incidental removal of coal during reclamation activities have been undertaken since the inception of the AML program.

The objective of this program amendment is to accomplish reclamation at sites that otherwise would not be reclaimed. Within the boundaries for AML project selection and the constraints of annual appropriations for the AML program, the Commonwealth sees the practical potential for accomplishing more reclamation of AML sites by re-engineering funding arrangements to leverage available funds. Specifically, the Commonwealth proposes to eliminate the requirement

for funding at least 50 percent of any reclamation project involving the incidental removal of coal. In addition, the Commonwealth proposes to enter into agreements with operators to allow it to direct the placement of excess spoil onto AML eligible sites to achieve reclamation of problems that would otherwise remain unabated. The amount of excess spoil from Title V operations will not exceed that amount necessary to address the AML impacts and problems. Removing these barriers would allow private companies to underwrite most of the cost of reclamation at sites that would likely go unreclaimed.

In the cases of incidental coal removal under government-financed construction, the reclamation would be funded (partially or entirely) through the sale of existing coal at the site; the Commonwealth's share of the cost, and the ultimate cost to the AML program, would be greatly reduced. Savings to the AML program would be used for reclamation at other sites. In the cases where the PADEP enters into agreements with operators for the placement of excess spoil onto adjacent AML lands for the purposes of reclamation, the cost of reclamation would be funded (partially or entirely) by the operator. This arrangement would allow the PADEP to take advantage of site specific opportunities on mining operations at little additional cost to the AML program, and to achieve reclamation of AML eligible lands that would likely not be chosen for reclamation under the current AML program funding constraints.

Because projects involving the incidental removal of coal and the placement of excess spoil on adjacent AML lands would be handled like other federally-funded AML reclamation projects, they encompass the same time-tested administrative, financial, contractual and environmental safeguards as any other approved AML project in the Commonwealth. Projects that involve the support and involvement of the District Mining Offices will be subject to the additional administrative requirements designed to address the coordination between the Bureau of Abandoned Mine Reclamation and the District Mining Offices. For example, when incidental coal is recovered and the financing of the project includes government sources, the Commonwealth will document the extent that private financing, public financing, or the combination of private and public financing is used and the reasons for it. Included in the documentation will be all contracts or agreements reached with parties involved in the project.

For each project approved by PADEP, the following information will be sent out in the approved plans and agreements:

(1) The statutory authority for the project, including the primary purpose and the incidental nature of the coal removal or off-permit spoil disposal.
(2) The site eligibility under the provisions of Title IV of SMCRA.
(3) All site reclamation requirements, including any performance bonds if deemed necessary and appropriate to protect the AML fund.
(4) Delineation of any coal refuse, coal waste, or other coal deposits which removal would be covered by the exemption in Section 528(2) of SMCRA and Commonwealth laws and regulations.
(5) Authority and rights of the PADEP to administer and oversee the proper and full completion of all contract requirements and to terminate the project and forfeit any performance bond when and if such actions are required.

For all projects involving the recovery of incidental coal or off-permit spoil disposal, the PADEP will attempt to leverage the AML funds utilized so that private sources that gain or otherwise benefit from the removal of the coal or placement of excess spoil off a permitted area assume their fair share of the reclamation expenses involved.

The financing contributed by private sources will be based on site conditions, the need to begin reclamation operations to protect the public health and safety and environment, and the potential profit to be realized by the contractor from the sale or use of any coal. In arriving at a proper cost for the reclamation project, the PADEP will be cognizant of the fact that the contractor should be able to make a reasonable profit.

All project information and financial arrangements will be open to the public and discussed as part of the process to involve and inform the public as set forth in the approved AML plan. Copies of the project plans and specifications will be available for on-site inspection and verification.

Finally, the PADEP Bureau of Mining and Reclamation and the Bureau of Abandoned Mine Land Reclamation will jointly determine that a combined Title IV and Title V operation is the most effective means to accomplish the reclamation. They will clearly delineate the AML site parameters and the conditions under which the AML contractor will interact with the Title V operation. The PADEP Bureau of Mining and Reclamation and the Bureau of Abandoned Mine Land Reclamation will agree in writing on the extent of the remining and reclamation plan prior to project approval.

2. Site selection using the new program initiatives.

Projects included under this initiative will be received and reviewed primarily on the basis of proposals submitted directly to the PADEP by mining companies, private individuals, municipalities, or private construction companies. The following criteria apply:

Refuse Pile Reclamation: The PADEP expects that mining companies, private individuals, municipalities, or private construction companies will solicit agreements for incidental removal of coal in abandoned refuse piles to cogeneration plants or processing facilities. PADEP will review the proposals made by such firms and individuals to determine the sites that would not otherwise be mined and reclaimed under the Title V program. In such instances, and at the discretion of PADEP, agreements may be issued to direct the reclamation of refuse piles while allowing the removal of all or a portion of the refuse to a cogeneration or reprocessing plant. In addition, PADEP may evaluate certain refuse piles that are creating health, safety, or environmental impacts and seek the participation of interested mining companies, private individuals, municipalities, or private construction companies to enter into an agreement for site reclamation. Sites will be reviewed and approved based upon their eligibility for the AML program and the benefits PADEP expects to achieve in meeting the goals and standards of the AML program.

Incidental Coal Removal: PADEP proposes to authorize the incidental removal of coal at AML sites that would not otherwise be mined and reclaimed under the Title V program. Site selection will be accomplished through a number of methods. First, as the permitting authority in the Commonwealth, PADEP is aware of permit applications that avoid the remining of AML lands with coal resources because of economic or environmental constraints. More specifically, some AML lands either have too little coal resource to justify removal under the current permitting system, or they are in such a degraded condition that they are avoided in the initial permitting process. Through their management of the permitting process and the status of AML lands in Pennsylvania, PADEP plans to enter into agreements with mining companies and adjacent permit holders to direct the reclamation of AML lands while conducting the incidental removal of coal. Second, PADEP expects that operators will recognize the potential for reclamation on areas adjacent to their active operation and approach PADEP to enter into a reclamation agreement.

Off-Permit Spoil Disposal: PADEP proposes to authorize the placement of excess spoil from active mining operations on AML sites that would not otherwise be mined and reclaimed under the Title V program. The amount of excess spoil from Title V operations will not exceed that amount necessary to address the AML impacts and problems. Site selection will be accomplished through a number of methods. First, as the permitting authority in the Commonwealth, PADEP is aware of permit applications that avoid the reclamation of adjacent AML lands because of economic or environmental constraints. More specifically, some AML lands that an operator would generally be willing to reclaim as part of the active operation are in such a degraded condition that they are avoided in the initial permitting process. Through their management of the permitting process and the knowledge of the status of AML lands in Pennsylvania, PADEP plans to enter into agreements with mining companies and adjacent permit holders to direct the

reclamation of AML lands adjacent to permitted operations. Sites will be reviewed and approved based upon their eligibility for the AML program and the degree to which PADEP expects the project to meet the goals and standards of the AML program.

3. The coordination of reclamation work among other state agencies, the Natural Resources Conservation Service, the State Historic Preservation Officer, the U.S. Fish and Wildlife Service, and others is included in the approved AML plan and will apply to the initiatives contained in this amendment.

4. The policies and procedures regarding land acquisition, management and disposal are contained in the approved AML plan. The PADEP does not anticipate that land acquisition, management and disposal activities will be implemented as a result of this amendment.

5. The policies and procedures regarding reclamation on private land are discussed in the approved AML Plan and remain unchanged by the amendment. PADEP will apply the realty requirements of the AML program to the activities under this amendment.

6. The policies and procedures regarding Rights of Entry are discussed in the approved AML plan and are not being altered under this amendment. PADEP will follow Commonwealth policies and procedures and the approved AML plan when obtaining rights of entry for the initiatives under this amendment.

D. A description of the administrative and management structure to be used in conducting the reclamation program includes the following:

1. The organization of the Department is discussed in the approved AML plan and is not altered as a result of this amendment.

2. The Department's personnel staffing policies are discussed in the approved AML plan and are not altered as a result of this amendment.

3. The Department's purchasing, procurement and contracting policies are discussed in the approved AML plan and are not altered as a result of this amendment.

4. The Department's accounting system is discussed in the approved AML plan and is not altered as a result of this amendment.

E. A general description of the reclamation activities to be conducted under the Plan includes the following:

1. The map which shows the general location of known or suspected eligible lands and waters is in the approved AML plan and is not being changed as a result of this amendment. PADEP maintains the AML inventory of eligible lands in the Commonwealth. The inventory contains detailed information on the types of AML problems, the extent of the problem, and a description of proposed reclamation techniques. In addition, the AML inventory contains an estimate of the cost to reclaim AML problems using standard abatement techniques of the program. This amendment proposed some additional reclamation tools in the form of government-financed construction and off-permit spoil disposal. These tools will be used to address AML problems both contained in and eligible for inclusion in the inventory.

2. The general description of the abandoned mine lands problems which occur on those lands and waters is discussed in the approved AML plan and is not altered as a result of this amendment. See discussion under E.1. above.

3. A discussion of how this Plan amendment proposes to address AML problems is contained in the information in Part C above, and is contained in the more detailed descriptions of the reclamation process contained in the chapter. See discussion under E.1. above.

F. A general description of the conditions prevailing in the areas of Pennsylvania where reclamation is planned is included in the approved AML plan and is not altered as a result of this amendment. See discussion under E.1. above.

Part F: Government-Financed Construction Contracts

(1) **Incidental Coal Removal** - PADEP proposes to authorize the incidental removal of coal at AML sites that would not otherwise be mined and reclaimed under the Title V program. Through its management of the permitting process and the status of the AML lands in Pennsylvania, PADEP plans to enter into agreements with mining companies and adjacent permit holders to direct the reclamation of AML lands which involve some incidental removal of coal. Following are three (3) examples of situations where PADEP proposes to utilize the GFCC to address AML liabilities.

(a) **Refuse Pile Reclamation** - As a result of an extensive history of deep mining in Pennsylvania, thousands of coal refuse piles are scattered throughout the state in both the bituminous and anthracite fields. In many cases these piles are unsightly, unsafe and are adding to the sedimentation and mine drainage pollution of Pennsylvania streams in areas that are economically deprived because of poor water quality and general aesthetics.

Depending on the method used to clean the deep mine coal and the volume of material available, these piles have varying degrees of value. Those piles that are larger in volume and higher in quality have traditionally been permitted under the Title V program while the smaller poorer quality piles have remained virtually untouched and are not and will not be likely candidates for permitting. These are the types of piles that are generally suitable for use in the fluidized-bed combustion processes employed at cogeneration plants and the types of piles that will be reclaimed under the proposed program.

(b) **Reclamation of Abandoned Deep Mines** - An example specific to this initiative would be represented by an abandoned deep mine that includes subsidence problems and acid mine drainage discharges. The reclamation of this type of site would involve the daylighting of the deep mined area, the incidental and necessary removal of any coal encountered, the placement of alkaline material over the area of deep mine affected, and the construction of some type of passive treatment system to insure the reduction of pollutional loading from the discharges. Because of the limited amount of coal available, and the potential water quality liability for the discharges, this sample site would not be a candidate for a surface mine permit under the Title V Program and depending on whether or not it was a Priority I or II site under the AML program, would likely not be addressed for reclamation. This type of site would particularly appeal to the watershed organizations that have been formed to deal with exactly these reclamation opportunities with the potential to significantly increase water quality in a given watershed.

(c) **Unreclaimed Highwalls Adjacent to Active Mine Sites** - Nearly all permits issued under the Title V program include varying levels of remining or are located within close proximity to previously affected areas located outside of permit boundaries. In some cases coal along the crop barrier may have gone unmined because of poor quality or high moisture content. In other cases an additional cut taken off the highwall may facilitate a reclamation plan that results in a more suitable post-mining land use or may facilitate an abatement project (alkaline addition - highwall drains, etc.) that will result in improved water quality. In those situations where a Title V permit is impractical due to limited coal recovery or poor coal quality, PADEP proposes to direct reclamation of these sites through a GFCC which allows for the incidental removal of coal to complete reclamation of the AML lands. If warranted, to maximize the amount of reclamation at the lowest

possible cost to the Commonwealth, PADEP at its sole discretion may award AML funding for these types of reclamation projects.

(2) **Placement of Excess Spoil on Adjacent AML Lands** - PADEP proposes to authorize the placement of excess spoil from active mining operations on AML sites that would not otherwise be mined and reclaimed under the Title V program. The amount of excess spoil from Title V operations will not exceed that amount necessary to address the AML impacts and problems. Through its management of the permitting process and the knowledge of the status of AML lands in Pennsylvania PADEP plans to enter into agreements with mining companies and adjacent permit holders to direct the reclamation of AML lands adjacent to permitted operations. The institution of this program will allow PADEP to maximize its reclamation efforts on AML lands at no expense to the funding sources for PADEP's AML program. Savings to the AML program would be used for reclamation at other sites throughout the Commonwealth.

The proposed program amendment would offer solutions to the following problems that exist throughout Pennsylvania's coal field:

(a) Conditions which create a risk of fire, landslide, subsidence, cave-in or other unsafe, dangerous or hazardous condition, including but not limited to any unguarded and unfenced open pit area, highwall, water pool, spoil bank and culm bank, abandoned structure, equipment, machinery, tools or other property used in or resulting from surface mining operations, or other serious hazards to public health or safety.

(b) AMD pollution and sedimentation into Pennsylvania's streams.

(c) Unsightly and unproductive property that has been largely unreclaimed through either the AML or active mining programs.

(d) Inadequate funding to address the three above Pennsylvania reclamation liabilities.

Generally speaking, the above conditions exist in areas that are economically depressed and environmentally damaged. The necessary reclamation represents an AML liability well in excess of hundreds of millions of dollars. The proposed program offers the best available solution to Pennsylvania's obligation to provide clean water and a safe and healthy environment to its citizens.

Following is a description of program requirements for GFCCs.

PROGRAM REQUIREMENTS

A. The Department will solicit and accept proposals to enter into a GFCC for the purpose of reclamation of abandoned mine lands some of which may involve the incidental and necessary removal of coal. The amount of excess spoil from Title V operations will not exceed that amount necessary to address the AML impacts and problems.

To be an "eligible person" the person must clear the Department's standard compliance with AVS checks. In addition, the person must clear a check through the Commonwealth's contractor responsibility program.

A GFCC under the terms of this Program Guidance is limited to those situations where a contractor proposes to enter into an agreement to perform reclamation on abandoned mine lands with the incidental and necessary removal of coal or to use excess spoil from a permitted site to reclaim an abandoned mine land. The amount of excess spoil from Title V operations will not exceed that amount necessary to address the AML impacts and problems. Reclamation should also include, where feasible, the installation of passive treatment systems and/or other measures to mitigate pre-existing discharges. No processing of coal will be conducted on-site.

Coal refuse ash may be returned to the site consistent with a general permit issued by the Department.

Sewage sludge may be utilized for site reclamation consistent with a beneficial use order or land reclamation permit.

PADEP will conduct an expeditious review of the proposal for adequacy of the monitoring plan, erosion and sedimentation control plan, operation plan, and reclamation plan. Particular attention will be given to the feasibility of installing passive treatment systems and/or other measures to mitigate pre-existing discharges. Any deficiencies are to be communicated to the contractor in writing.

Even though reclamation activities under a GFCC are not subject to the barrier prohibitions of 86.102, precautions will be designed in the operation and reclamation plans to minimize any potential adverse impacts on areas that would be considered prohibited areas under a coal mining permit.

A performance bond in an amount determined by the PADEP shall be submitted on forms provided by the PADEP for all GFCC sites where bond is required.

A performance bond will be required on all GFCCs which involve coal removal which is incidental to the reclamation. Should a contractor default on a GFCC or otherwise fail to perform the required reclamation, PADEP will make a demand upon the surety to fulfill its performance bond obligations to either complete the reclamation required by the GFCC or to pay that amount of bond money necessary for PADEP to hire another contractor to complete the remaining contract reclamation work. A consent order and agreement, in conjunction with a permit condition, will be used to ensure AML sites which receive excess spoil from a Title V site are fully reclaimed. The permit condition will provide that the operator will use no more than that amount of excess spoil than is necessary to reclaim the AML site and the operator's failure to complete the required reclamation of the AML site prohibits release of the bond on the Title V permit. An operator's failure to complete reclamation of the AML site would be a violation of its permit, exposing the operator to civil penalties and/or bond forfeiture and enforcement of the consent order and agreement.

B. A proposal for a GFCC will consist of a facesheet and the following modules as applicable:

Module #1 - Ownership and Right of Entry
Module #2 - Environmental Resource and Operations Map
Module #3 - Hydrology
Module #4 - Operational Information
Module #5 - Streams
Module #25 - Flyash
Module #27 - Sewage Sludge

(a) The ownership control information is to be entered into LUMIS and a compliance check/AVS check run. If a "bar" is found, the proposal is to be returned. If "no bar" is found, the proposal will be accepted and given an ID number.

(b) All proposals will be subject to the consultation requirements with other state agencies as prescribed by PA's approved AML plan.

(c) The PADEP will advertise receipt of the proposal (see draft notice). This notice shall be run once a week for two weeks in a newspaper local to the project area.

(d) The municipality and county in which the site is located will be notified, by certified letter, that the PADEP received a proposal for a GFCC to perform reclamation activities within the municipality.

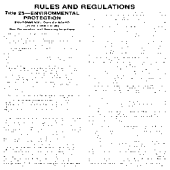
(e) Upon final execution of the contract, PADEP will notify the host municipality and county by certified mail of the action (see draft notice); notify any agencies who submitted comments; notify appropriate State Legislators, in writing, of the action; and issue a press release of the action

(Regional Community Relations Coordinator to assist in preparation of this release). If a Small Projects Permit is issued with the executed contract, notice must be made in the PA Bulletin.

Monitoring Program for GFCC's

The PADEP will conduct monthly inspections of all Government-Financed Construction Contracts until the site is determined to be stabilized by vegetation. At that time, the PADEP will continue to conduct regular inspections on a quarterly basis until the contract receives final approval and final bond release.

Attached are the inspection forms with instructions that will be utilized to monitor the GFCC program.



RULES AND REGULATIONS

TITLE 25—ENVIRONMENTAL PROTECTION

ENVIRONMENTAL QUALITY BOARD

[Subchapter A—General provisions]

[Subchapter B—Water quality standards]

[Subchapter C—Water quality management]

[Subchapter D—Water quality permits]

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[Subchapter Z—Water quality control]

[Subchapter AA—Water quality control]

[Subchapter BB—Water quality control]

[Subchapter CC—Water quality control]

[Subchapter DD—Water quality control]

[Subchapter EE—Water quality control]

[Subchapter FF—Water quality control]

[Subchapter GG—Water quality control]

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[Subchapter JJ—Water quality control]

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[Subchapter QQ—Water quality control]

[Subchapter RR—Water quality control]

[Subchapter SS—Water quality control]

[Subchapter TT—Water quality control]

[Subchapter UU—Water quality control]

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[Subchapter GGG—Water quality control]

[Subchapter HHH—Water quality control]

[Subchapter III—Water quality control]

[Subchapter JJJ—Water quality control]

[Subchapter KKK—Water quality control]

[Subchapter LLL—Water quality control]

[Subchapter MMM—Water quality control]

[Subchapter NNN—Water quality control]

[Subchapter OOO—Water quality control]

[Subchapter PPP—Water quality control]

[Subchapter QQQ—Water quality control]

[Subchapter RRR—Water quality control]

[Subchapter SSS—Water quality control]

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[Subchapter AAAA—Water quality control]

[Subchapter BBBB—Water quality control]

[Subchapter CCCC—Water quality control]

[Subchapter DDDD—Water quality control]

[Subchapter EEEE—Water quality control]

[Subchapter FFFF—Water quality control]

[Subchapter GGGG—Water quality control]

[Subchapter HHHH—Water quality control]

[Subchapter IIII—Water quality control]

[Subchapter JJJJ—Water quality control]

[Subchapter KKKK—Water quality control]

[Subchapter LLLL—Water quality control]

[Subchapter MMMM—Water quality control]

[Subchapter NNNN—Water quality control]

[Subchapter OOOO—Water quality control]

[Subchapter PPPP—Water quality control]

[Subchapter QQQQ—Water quality control]

[Subchapter RRRR—Water quality control]

[Subchapter SSSS—Water quality control]

[Subchapter TTTT—Water quality control]

[Subchapter UUUU—Water quality control]

[Subchapter VVVV—Water quality control]

[Subchapter WWWW—Water quality control]

[Subchapter XXXX—Water quality control]

[Subchapter YYYY—Water quality control]

[Subchapter ZZZZ—Water quality control]

Appendix E

Remining Operator's Assistance Program (ROAP)

County	Fiscal Year	Company Name	Permit #	Contract Date	Remine Acres Agreed To Reclaim	Value of Reclamation	AML Acres Reclaimed	DEP ROAP Cost
Armstrong	1997	Amerikohl Mining Inc.	Not submitted yet	04/25/1998	36.0	$84,000	14.0	$11,478
Armstrong	1997	Reichard Contracting	Cancelled	03/23/1998				$644
Cambria	1997	Smith Energy	11980202	02/17/1998	10.0	$42,000	10.0	$8,622
Clearfield	1997	Al Hamilton Contracting	17990101	08/01/1997	127.0	$558,000	93.0	$18,320
Clearfield	1997	Hepburnia Coal	Cancelled	02/19/1998				
Clearfield	1997	Larson Enterprises	Cancelled	03/31/1999				
Clearfield	1997	River Hill Coal	Not submitted yet	03/11/1998	165.0	$354,000	59.0	$37,544
Clearfield	1997	Sky Haven Coal	17980101	10/02/1997	93.0	$372,000	62.0	$11,436
Fayette	1997	Patterson Coal	26980102	04/06/1998	18.0	$30,000	5.0	$7,607
Indiana	1997	Amerikohl Mining Inc.	32980109	09/25/1997	204.0	$48,000	8.0	$37,722
Indiana	1997	Amerikohl Mining Inc.	32980105	09/25/1997	28.0	$48,000	8.0	$12,414
Indiana	1997	Amerikohl Mining Inc.	32980108	09/06/1997	43.0	$42,000	7.0	$23,048
Indiana	1997	Amerikohl Mining Inc.	Cancelled	01/12/1998				$6,861
Indiana	1997	T L H Coal Company	32990103	04/16/1998	22.0	$54,000	9.0	$8,901
Schuykill	1997	A C Fuels	Not submitted yet	05/13/1998	150.0	$900,000	150.0	$14,427
Schuykill	1997	Gale Coal Company	Not submitted yet	04/24/1998	186.0	$1,116,000	186.0	$11,543
Somerset	1997	Fritz Coal	56980110	03/23/1998	15.0	$24,000	4.0	$9,399
Somerset	1997	Hoffman Mining	56990101	04/01/1998	35.0	$72,000	12.0	$8,523
				Totals 1997	**1132.0**	**$3,744,000**	**627.0**	**$228,489**
Armstrong	1998	Amerikohl Mining Inc.	Not submitted yet	02/23/1998	133.0	$1,332,000	154.0	$8,732
Armstrong	1998	Smith, Thomas	3990102	0721/1998	25.0	$24,000	4.0	$9,000
Clearfield	1998	Energy Resources	Cancelled					
Clearfield	1998	Hilltop Coal	Not submitted yet	05/10/1999	25.0	$18,000	3.0	$6,482
Clearfield	1998	River Hill Coal	17980124	07/101998	42.0	$132,000	22.0	$6,722
Clearfield	1998	River Hill Coal	Not submitted yet	08/19/1998	398.0	$882,000	147.0	$42,653
Clearfield	1998	River Hill Coal	17990101	10/20/1998	243.0	$924,000	154.0	$30,484
Clearfield	1998	River Hill Coal	17990103	12/02/1998	218.0	$1,194,000	199.0	$36,415
Cmabria	1998	Laurel Energy	11990102	10/08/1998	289.0	$144,000	210.0	$29,506
Fayette	1998	Marquise Mining	Cancelled	10/29/1998				$1,577
Fayette	1998	PBS Coal	Not submitted yet	07/08/1998	48.0	$108,000	18.0	$12,225
Indiana	1998	Hepburnia Coal	Cancelled	02/19/1998				$4,680
Indiana	1998	River Hill Coal	Not submitted yet	09/09/1998	533.0	$2,832,000	472.0	$63,355
Jefferson	1998	Amerikohl Mining Inc.	33990101	08/17/1998	89.0	$138,000	23.0	$9,296
Luzerne	1998	Hazleton Shaft	Not submitted yet	12/17/1998	283.0	$1,260,000	283.0	$14,696
Somerset	1998	Cooney Brothers Coal	Not submitted yet	04/02/1999				
Washington	1998	Robinson Coal	Not submitted yet	07/22/1998	46.0	$126,000	46.0	$12,025
Westmoreland	1998	Ralph Smith & Sons	Not submitted yet	05/01/1999	25.0	$24,000	4.0	$10,579
				Totals 1998	**2397.0**	**$9,138,000**	**1739.0**	**$298,427**
				Total 97–98	**3529.0**	**$12,882,000**	**2366.0**	**$526,916**

Appendix F

Fiscal Year 1996 Financial Guarantees to Ensure Reclamation

County	Fiscal Year	Company Name	Permit #	Bond Number	Issuance	Remine Acres Agreed To Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
Allegheny	1996	Robinson Coal Company	2960101	4830-02-FG	1/17/1997	21.8	$65,400	0	
Allegheny	1996	Robinson Coal Company	2960101	4830-05-FG	4/24/1997	3.3	$9,900	0	
Armstrong	1996	State Industries, Inc.	3950104	4830-09-FG	5/19/1997	36.0	$80,000	0	
Armstrong	1996	T D K Coal Sales, Incorporated	3960103	4830-01-FG	1/14/1997	33.5	$79,900	0	
Beaver	1996	Kerry Coal Company	4940102	4830-04-FG	4/3/1997	33.5	$79,500	0	
Beaver	1996	Kerry Coal Company	4960101	4830-06-FG	5/15/1997	23.2	$79,800	0	
Butler	1996	State Industries, Inc.	10920112	4860-05-FG	5/23/1997	37.8	$80,000	0	
Cambria	1996	Ebensburg Power Company	11960202	4840-01-FG	4/21/1997	28.7	$28,700	0	
Centre	1996	Chestnut Ridge Coal Co.	14960101	4820-03-FG	5/12/1997	Transferred To 4820-09	$49,400	0	
Centre	1996	Power Operating Co., Inc.	14940101	4820-04-FG	6/9/1997	26.0	$79,900	26.0	$156,000
Clearfield	1996	Larson Enterprises, Inc.	17960120	4820-01-FG	2/12/1997	10.2	$20,600	0	
Clearfield	1996	Larson Enterprises, Inc.	17950115	4820-02-FG	5/28/1997	Est. 7.0	$20,100	17.3	$103,800
Elk	1996	Energy Resources, Inc.	24890101	4860-02-FG	2/21/1997	12.6	$33,600	0	
Elk	1996	Energy Resources, Inc.	24900103	4860-03-FG	4/11/1997	26.6	$60,400	0	
Elk	1996	Fairview Coal Company	24930101	4860-09-FG	6/30/1997	30.0	$80,000	0	
Elk	1996	Tamburlin Brothers Coal Co., Inc.	24813008	4860-08-FG	6/25/1997	13.1	$62,325	0	
Fayette	1996	Vansickle Coal	26970201	4830-03-FG	4/3/1997	24.1	$24,100	0	
Indiana	1996	Fossil Fuel, Inc.	32970101	4840-03-FG	5/12/1997	17.9	$42,900	0	
Indiana	1996	K.M.P. Associates	32950105	4840-04-FG	5/29/1997	7.4	$10,200	7.4	$44,400
Indiana	1996	T. L. H. Coal Company	32823066	4840-04-FG	5/2/1997	3.4	$10,200	0	
Jefferson	1996	Deemer, Fred A., Jr.	33940107	4860-06-FG	5/27/1997	3.4	$10,200	0	
Jefferson	1996	Original Fuels, Inc.	33890113	4860-01-FG	2/18/1997	16.4	$38,200	0	
Jefferson	1996	Original Fuels, Inc.	33890113	4860-04-FG	5/12/1997	19.9	$41,100	0	
Somerset	1996	PBS Coals, Inc.	56960110	4840-05-FG	6/2/1997	26.6	$79,800	0	
Venango	1996	Ben Hal Mining Company	61970101	4860-07-FG	5/30/1997	15.8	$36,000	4	
Washington	1996	Robinson Coal Company	63940101	4830-08-FG	5/15/1997	18.0	$37,800	0	
Westmoreland	1996	LMM, Inc.	65960110	4830-07-FG	5/12/1997	10.4	$29,000	0	
		1996 Totals				**506.6**	**$1,269,025**	**50.7**	**$304,200**

Appendix F

Fiscal Year 1997 Financial Guarantees to Ensure Reclamation

County	Fiscal Year	Company Name	Permit #	Bond Number	Issuance	Remine Acres Agreed To Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
Allegheny	1997	Pangersis Coal Company	2773005	4830-15-FG	9/16/1997	5.8	$17,400	0	
Allegheny	1997	Robinson Coal Company	2970101	4830-14-FG	10/9/1997	Est. 14.0	$48,800	0	
Allegheny	1997	Robinson Coal Company	2970101	4830-18-FG	12/22/1997	4.0	$4,300	0	
Armstrong	1997	Allegheny Mineral Corporation	3910115	4830-11-FG	8/14/1997	60.2	$80,000	0	
Armstrong	1997	Mckay Coal Company, Inc.	3880110	4830-17-FG	12/22/1997	Est.16.0	$52,200	0	
Beaver	1997	Kerry Coal Company	4950101	4830-10-FG	7/24/1997	9.1	$24,700	0	
Beaver	1997	Kerry Coal Company	4970101	4830-16-FG	10/10/1997	Est. 18.0	$56,000	0	
Beaver	1997	Kerry Coal Company	4970101	4830-19-FG	1/2/1998	14.4	$23,400	0	
Butler	1997	Ben Hal Mining Company	10970104	4860-23-FG	3/23/1998	23.4	$59,000	0	
Butler	1997	Rosebud Mining Company	10900109	4860-11-FG	8/6/1997	24.7	$47,000	0	
Butler	1997	Rosebud Mining Company	10900109	4860-22-FG	3/11/1998	17.5	$32,900	19.8	$118,800
Cambria	1997	Cloe Mining Company, Inc.	11960101	4840-10-FG	11/26/1997	35.8	$80,000	0	
Cambria	1997	L & J Energy Company, Inc.	11960104	4840-08-FG	7/24/1997	23.9	$65,500	0	
Cambria	1997	Laurel Land Development, Inc.	11970106	4840-19-FG	6/3/1998	28.4	$56,800	0	
Cambria	1997	R.J.C. Kohl Inc.	11950103	4840-12-FG	2/17/1998	7.2	$21,400	0	
Cambria	1997	R.J.C. Kohl Inc.	11970105	4840-13-FG	2/19/1998	4.8	$8,800	0	
Centre	1997	Al Hamilton Contracting Company	14820103	4820-25-FG	6/3/1998	26.6	$79,800	0	
Centre	1997	Bern Coal, Inc.	14960101	4820-09-FG	12/16/1997	Est. 18.0	$49,400	0	
Clarion	1997	MSM Coal Company, Inc.	16960106	4860-10-FG	7/24/1997	17.7	$47,300	2.1	$12,600
Clarion	1997	MSM Coal Company, Inc.	16960106	4860-13-FG	9/11/1997	0.4	$400	0	
Clarion	1997	MSM Coal Company, Inc.	16960106	4860-20-FG	2/17/1998	6.1	$9,900	0	

Appendix F

Fiscal Year 1997 Financial Guarantees to Ensure Reclamation

County	Fiscal Year	Company Name	Permit #	Bond Number	Issuance	Remine Acres Agreed To Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
Clearfield	1997	Al Hamilton Contracting Company	17930117	4820-05-FG	8/7/1997	Est. 30.0	$79,900	0	
Clearfield	1997	Cloe Mining Company, Inc.	17960106	4820-12-FG	3/4/1998	17.0	$49,800	48.4	$292,800
Clearfield	1997	Enercorp, Inc.	17970102	4820-08-FG	9/22/1997	Est. 14.0	$57,000	0	
Clearfield	1997	Enercorp, Inc.	17663136	4820-22-FG	4/17/1998	14.1	$19,220	0	
Clearfield	1997	Forcey Coal, Inc.	17970106	4820-13-FG	2/11/1998	10.8	$27,600	7.6	$45,600
Clearfield	1997	Junior Coal Contracting, Inc.	17930103	4820-11-FG	1/8/1998	Est. 14.0	$76,100	0	
Clearfield	1997	Junior Coal Contracting, Inc.	17900140	4820-16-FG	3/30/1998	8.5	$11,700	0	
Clearfield	1997	K & J Coal Co., Inc.	17960121	4820-29-FG	6/16/1998	21.8	$44,600	0	
Clearfield	1997	Larson Enterprises, Inc.	17820181	4820-06-FG	9/15/1997	10.9	$13,500	0	
Clearfield	1997	Larson Enterprises, Inc.	17950115	4820-07-FG	9/15/1997	4.0	$12,620	6.4	$38,400
Clearfield	1997	Larson Enterprises, Inc.	17950115	4820-19-FG	3/4/1998	4.2	$12,600	7.0	$42,000
Clearfield	1997	Larson Enterprises, Inc.	17820181	4820-26-FG	5/6/1998	8.3	$19,000	9.8	$58,800
Clearfield	1997	Moravian Run Reclamation	17910113	4820-15-FG	3/23/1998	4.3	$12,900	0	
Clearfield	1997	Moravian Run Reclamation	17980902	4820-28-FG	5/12/1998	7.1	$14,500	6.9	$41,400
Clearfield	1997	R. B. Contracting	17980901	4820-24-FG	4/27/1998	5.8	$10,000	8.7	$52,200
Clearfield	1997	River Hill Coal Co., Inc.	17803045	4820-10-FG	12/23/1997	Est. 6.0	$22,500	0	
Clearfield	1997	River Hill Coal Co., Inc.	17940107	4820-17-FG	3/4/1998	7.5	$41,500	23.3	$139,800
Clearfield	1997	River Hill Coal Co., Inc.	17940107	4820-18-FG	3/4/1998	6.7	$28,700	0	
Clearfield	1997	River Hill Coal Co., Inc.	17753050	4820-20-FG	3/11/1998	12.7	$38,100	12.7	$76,200
Clearfield	1997	Sky Haven Coal Inc.	17970101	4820-21-FG	3/31/1998	25.5	$57,900	0	
Clearfield	1997	Sky Haven Coal Inc.	17803150	4820-23-FG	3/30/1998	28.0	$80,000	0	
Clearfield	1997	Sky Haven Coal Inc.	17970114	4820-27-FG	5/26/1998	12.4	$28,400	0	
Clearfield	1997	Swisher Contracting, Inc.	17980104	4820-30-FG	6/25/1998	37.0	$80,000	0	
Clearfield	1997	Waroquier Coal Company	17960115	4820-14-FG	3/4/1998	13.9	$28,500	0	

Appendix F

Fiscal Year 1997 Financial Guarantees to Ensure Reclamation

County	Fiscal Year	Company Name	Permit #	Bond Number	Issuance	Remine Acres Agreed To Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
Elk	1997	Tamburlin Brothers Coal Co., Inc.	24940101	4860-15-FG	9/26/1997	8.0	$18,000	0	
Elk	1997	Tamburlin Brothers Coal Co., Inc.	24920101	4860-17-FG	12/15/1997	23.8	$58,800	0	
Indiana	1997	Alverda Enterprises, Inc.	32980103	4840-23-FG	6/17/1998	3.7	$9,500	0	
Indiana	1997	G L R Mining, Inc.	32940102	4840-14-FG	1/14/1998	8.7	$16,700	0	
Indiana	1997	K.M.P. Associates	32940109	4840-06-FG	8/13/1997	7.2	$18,200	0	
Indiana	1997	K.M.P. Associates	32950105	4840-09-FG	10/17/1997	3.3	$6,000	0	
Indiana	1997	K.M.P. Associates	32950105	4840-17-FG	4/27/1998	Est. 5.0	$5,200	3.0	$18,000
Indiana	1997	Simpson Coal Company	32970108	4840-15-FG	3/9/1998	11.3	$46,700	0	
Indiana	1997	Simpson Coal Company	32970107	4840-16-FG	3/16/1998	5.0	$10,000	0	
Jefferson	1997	Beverly Hill Coal Company	33970108	4860-24-FG	4/7/1998	12.4	$24,000	0	
Jefferson	1997	MSM Coal Company, Inc.	33970109	4860-18-FG	1/15/1998	10.1	$20,500	0	
Jefferson	1997	MSM Coal Company, Inc.	33970103	4860-21-FG	3/9/1998	Est. 14.0	$47,200	0	
Jefferson	1997	MSM Coal Company, Inc.	33970109	4860-25-FG	5/18/1998	7.7	$12,300	0	
Jefferson	1997	Starr Coal Company	33850123	4860-12-FG	8/6/1997	10.5	$31,300	0	
Jefferson	1997	Swisher Contracting, Inc.	33970104	4860-19-FG	1/16/1998	5.7	$13,900	0	
Jefferson	1997	Swisher Contracting, Inc.	33970104	4860-26-FG	5/22/1998	3.1	$7,200	0	
Jefferson	1997	Urey Coal Company	33950106	4860-14-FG	9/24/1997	24.0	$41,200	0	
Jefferson	1997	Yenzi, Leonard W.	33950102	4860-16-FG	12/1/1997	14.3	$22,500	24.0	$144,000
Somerset	1997	Fieg Brothers	56930114	4840-18-FG	4/24/1998	12.2	$42,000	0	
Somerset	1997	Hardrock Coal Company	56950110	4840-07-FG	9/22/1997	32.8	$74,800	0	
Washington	1997	Robinson Coal Company	63950101	4830-22-FG	4/3/1998	11.0	$33,000	0	
Westmoreland	1997	Ralph Smith & Son, Inc.	65940107	4830-20-FG	1/8/1998	Est. 3.0	$14,200	0	
Westmoreland	1997	Ralph Smith & Son, Inc.	65950107	4830-21-FG	7/16/1997	10.9	$13,050	0	
Westmoreland	1997	Sosko Coal Company, Inc.	65960111	4830-12-FG	8/19/1997	24.5	$26,600	0	
Westmoreland	1997	V. P. Smith Company, Inc.	65970102	4830-13-FG	9/18/1997	22.8	$57,200	0	
		1997 Total				**995.5**	**$2,401,710**	**179.7**	**$1,080,600**

Appendix F

Fiscal Year 1998 Financial Guarantees to Ensure Reclamation

County	Fiscal Year	Company Name	Permit #	Bond Number	Issuance	Remine Acres Agreed To Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
Allegheny	1998	Robinson Coal Company	2950102	4830-23-FG	1/19/1999	8.7	$10,440	0	
Allegheny	1998	Robinson Coal Company	2970101	4830-30-FG	1/25/1999	3.4	$8,400	0	
Armstrong	1998	Mckay Coal Company, Inc.	3880110	4830-24-FG	7/31/1998	16.6	$27,800	0	
Armstrong	1998	Walter L. Houser Coal Co., Inc.	3960102	4830-25-FG	7/15/1998	14.6	$31,200	0	
Armstrong	1998	Walter L. Houser Coal Co., Inc.	3960102	4830-31-FG	2/25/1999	19.0	$48,800	0	
Butler	1998	Ben Hal Mining Company	10980103	4860-30-FG	9/8/1998	14.8	$40,200	0	
Butler	1998	Ben Hal Mining Company	10970104	4860-32-FG	9/21/1998	11.9	$17,100	0	
Butler	1998	Ben Hal Mining Company	10980109	4860-39-FG	6/4/1999	11.1	$22,700	0	
Butler	1998	Fleishner Excavating	10980110	4860-40-FG	6/25/1999	11.8	$23,400	0	
Cambria	1998	E. P. Bender Coal Co., Inc.	11980102	4840-32-FG	2/19/1999	29.2	$80,000	0	
Cambria	1998	L & J Energy Company, Inc.	11960104	4840-27-FG	9/18/1998	7.8	$14,200	0	
Cambria	1998	L & J Energy Company, Inc.	11980101	4840-29-FG	11/9/1998	10.2	$22,600	0	
Cambria	1998	Laurel Land Development, Inc.	11970106	4840-30-FG	11/24/1998	4.3	$7,300	0	
Cambria	1998	Laurel Land Development, Inc.	11980103	4840-39-FG	6/18/1999	Est. 23.0	$69,200	0	
Cambria	1998	M. B. Energy, Inc.	11980101	4840-33-FG	3/19/1999	Est. 14.0	$57,400	0	
Cambria	1998	R.J.C. Kohl Inc.	11950103	4840-22-FG	7/6/1998	14.5	$39,300	0	
Cambria	1998	R.J.C. Kohl Inc.	11970105	4840-36-FG	5/10/1999	15.4	$44,000	0	
Centre	1998	Bern Coal, Inc.	14960101	4820-34-FG	9/28/1998	12.4	$32,800	0	
Clarion	1998	Original Fuels, Inc.	16940105	4860-33-FG	10/14/1998	19.4	$45,000	0	

Appendix F

Fiscal Year 1998 Financial Guarantees to Ensure Reclamation

County	Fiscal Year	Company Name	Permit #	Bond Number	Issuance	Remine Acres Agreed To Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
Clearfield	1998	Ecklund Coal Co., Inc.	17910131	4820-46-FG	3/4/1999	17.0	$45,400	0	
Clearfield	1998	Enercorp, Inc.	17970102	4820-54-FG	6/8/1999	7.2	$13,800	0	
Clearfield	1998	Forcey Coal, Inc.	17960110	4820-35-FG	10/30/1998	6.3	$16,300	0	
Clearfield	1998	Johnson Brothers Coal Co.	17980125	4820-50-FG	6/4/1999	7.8	$11,600	0	
Clearfield	1998	Johnson Brothers Coal Co.	17970111	4820-52-FG	4/14/1999	30.8	$79,800	0	
Clearfield	1998	Junior Coal Contracting, Inc.	17970118	4820-33-FG	9/4/1998	18.6	$46,600	0	
Clearfield	1998	Junior Coal Contracting, Inc.	17980110	4820-38-FG	4/13/1999	17.6	$39,000	0	
Clearfield	1998	Junior Coal Contracting, Inc.	17820151	4820-40-FG	11/23/1998	6.3	$13,700	0	
Clearfield	1998	K & J Coal Co., Inc.	17960121	4820-43-FG	12/30/1998	7.8	$14,000	0	
Clearfield	1998	Larry D. Baumgardner Coal Co.	17960114	4820-47-FG	4/6/1999	35.3	$77,300	0	
Clearfield	1998	Larson Enterprises, Inc.	17980114	4820-41-FG	11/18/1998	9.5	$21,100	0	
Clearfield	1998	Larson Enterprises, Inc.	17950115	4820-42-FG	11/10/1998	5.7	$16,500	0	
Clearfield	1998	Larson Enterprises, Inc.	17820181	4820-45-FG	1/5/1999	Est. 10.0	$34,500	0	
Clearfield	1998	Larson Enterprises, Inc.	17980114	4820-56-FG	5/17/1999	15.0	$41,100	0	
Clearfield	1998	Larson Enterprises, Inc.	17950107	4820-59-FG	6/9/1999	0.7	$1,500	0	
Clearfield	1998	M. R. Hainsey Contracting	17960102	4820-36-FG	9/22/1998	9.8	$21,000	0	
Clearfield	1998	M. R. Hainsey Contracting	17960102	4820-53-FG	4/14/1999	4.8	$14,400	6.6	$39,600
Clearfield	1998	Moravian Run Reclamation	17980902	4820-39-FG	10/20/1998	0.8	$2,400	0	
Clearfield	1998	R. B. Contracting	17980106	4820-49-FG	3/30/1999	0.4	$1,200	0	
Clearfield	1998	R. B. Contracting	17980120	4820-51-FG	6/11/1999	15.5	$34,100	0	
Clearfield	1998	River Hill Coal Co., Inc..	17753050	4820-31-FG	10/30/1998	13.9	$41,700	0	
Clearfield	1998	River Hill Coal Co., Inc..	17940107	4820-32-FG	7/14/1998	1.6	$9,600	13.9	$83,800
Clearfield	1998	River Hill Coal Co., Inc..	17840123	4820-37-FG	10/9/1998	23.7	$71,100	0	
Clearfield	1998	Sky Haven Coal Inc.	17910109	4820-44-FG	12/30/1998	8.5	$29,900	0	

Appendix F

Fiscal Year 1998 Financial Guarantees to Ensure Reclamation

County	Fiscal Year	Company Name	Permit #	Bond Number	Issuance	Remine Acres Agreed To Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
Elk	1998	Energy Resources, Inc.	24970103	4860-28-FG	8/13/1998	22.8	$80,000	0	
Elk	1998	Tamburlin Brothers Coal Co., Inc.	24940101	4860-38-FG	5/28/1999	23.1	$48,900	0	
Indiana	1998	Alverda Enterprises, Inc.	32980103	4840-28-FG	10/15/1998	1.0	$1,000	0	
Indiana	1998	Alverda Enterprises, Inc.	32980103	4840-40-FG	6/22/1999	1.5	$3,000	0	
Indiana	1998	G L R Mining, Inc.	32940102	4840-20-FG	7/13/1998	24.6	$45,800	0	
Indiana	1998	K.M.P. Associates	32940109	4840-21-FG	7/8/1998	21.5	$36,500	0	
Indiana	1998	K.M.P. Associates	32940109	4840-31-FG	3/5/1999	7.7	$11,500	0	
Indiana	1998	K.M.P. Associates	32970108	4840-34-FG	5/17/1999	24.1	$46,700	0	
Indiana	1998	Mears Enterprises, Inc.	32970112	4840-35-FG	4/22/1999	6.7	$17,300	0	
Indiana	1998	Simpson Coal Company	32980114	4840-38-FG	6/17/1999	28.1	$58,100	0	
Indiana	1998	Sky Haven Coal Inc.	32980102	4840-26-FG	9/2/1998	14.3	$18,500	0	
Indiana	1998	T. L. H. Coal Company	32970105	4840-11-FG	10/27/1998	23.4	$65,800	0	
Jefferson	1998	Cookport Coal Co. Inc.	33980104	4860-34-FG	11/13/1998	8.9	$23,000	0	
Jefferson	1998	MAF Coal & Excavation, Inc.	33960107	4860-29-FG	8/26/1998	Est. 10.0	$30,900	0	
Jefferson	1998	Mckay Coal Company, Inc.	33990102	4860-37-FG	5/5/1999	13.6	$32,000	0	
Jefferson	1998	Original Fuels, Inc.	33970107	4860-31-FG	9/18/1998	2.3	$7,900	0	
Jefferson	1998	Original Fuels, Inc.	33970107	4860-35-FG	12/10/1998	48.3	$72,100	0	
Jefferson	1998	Yenzi, John R., Jr.	33930112	4860-27-FG	7/27/1998	1.5	$4,500	0	
Somerset	1998	Fritz Coal Inc	56960101	4840-24-FG	8/10/1998	7.4	$22,200	0	
Somerset	1998	Fritz Coal Inc	56980110	4840-37-FG	5/3/1999	30.2	$80,000	0	
Somerset	1998	Zubek, Inc.	56950106	4840-25-FG	7/20/1998	12.7	$38,100	0	

Fiscal Year 1998 Financial Guarantees to Ensure Reclamation

County	Fiscal Year	Company Name	Permit #	Bond Number	Issuance	Remine Acres Agreed To Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
Venango	1998	Ben Hal Mining Company	61980103	4860-36-FG	2/19/1999	6.4	$16,200	0	
Washington	1998	Kerry Coal Company	63980105	4830-33-FG	4/27/1999	33.0	$33,700	0	
Washington	1998	Robinson Coal Company	63910103	4830-28-FG	11/9/1998	Est. 2.1	$2,100	0	
Westmoreland	1998	Ralph Smith & Son, Inc.	65980101	4830-27-FG	Pending	Est. 5.0	Pending	0	
Westmoreland	1998	Ralph Smith & Son, Inc.	65980101	4830-32-FG	3/22/1999	8.4	$10,000	0	
Westmoreland	1998	V. P. Smith Company, Inc.	65980102	4830-26-FG	8/26/1998	22.0	$28,800	0	
Westmoreland	1998	V. P. Smith Company, Inc.	65980102	4830-29-FG	12/3/1998	24.3	$51,200	0	
		1998 totals				**697.0**	**$1,527,640**	**0**	

Financial Guarantees to Ensure Reclamation
Totals by Fiscal Year and Grand Total

Fiscal Year	Number of Companies	Number of Permits	Number of Bonds	Remine Acres Agreed to Reclaim	Value of Financial Guarantee	AML Acres Reclaimed	Value of Reclamation
1996	22	24	27	506.6	$1,269,025	50.7	$304,200
1997	41	57	70	995.5	$2,401,710	179.7	$1,080,600
1998	46	64	71	697.0	$1,527,640	N/A	N/A
Total		130	168	2,199.1	$5,198,375	230.4	$1,384,800

Appendix G

Bond Credits

Fiscal Years 1997 - 1999

County	Fiscal Year	Company Name	Original Issuance Date	Remine Acres Agreed To Reclaim	Value of Bond Credit	AML Acres Reclaimed	Value of Reclamation
Armstrong	1998	Amerikohl Mining Inc.	07/16/1998	7.3	$41,747	7.3	$43,800
Clarion	1998	MSM Coal Company, Inc.	07/08/1998	3.9	$20,645	3.9	$23,400
Clearfield	1999	Larson Enterprises, Inc	10/20/1999	15.0	$43,150	15.0	$82,500
		Totals for Completed Projects		**26.2**	**$105,542**	**26.2**	**$149,700**
			I				
Northumberland	Pending	Blaschak Coal	In Process		$15,000 - $30,000	Estimated 3.0 – 6.0	N/A

Appendix H

146 REMINING FINANCIAL ASSURANCE FUND
REPORT OF REVENUE EARNED AND EXPENSES BY FISCAL YEAR

	FY 95/96	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01
Beginning Balance, July 1	**$ -**	**$ 1,000,000**	**$ 1,009,179**	**$ 1,043,351**	**$ 1,097,935**	**$1,155,633**
Receipts:						
Transfer fr Land & Water						
Dev. Fund	$1,000,000	$ 1,000,000	$ -	$ -	$ -	
Operator Annual Fees	$ -	$ 9,179	$ 34,270	$ 54,584	$ 57,698	
Total Receipts	**$1,000,000**	**$ 1,009,179**	**$ 34,270**	**$ 54,584**	**$ 57,698**	**$ -**
Expenditures:						
Remining Financial Assurance	$ -	$ -	$ 99 *	$ -	$ -	
Total Expenditures	**$ -**	**$ -**	**$ 99**	**$ -**	**$ -**	
Ending Balance	**$1,000,000**	**$ 1,009,179**	**$ 1,043,351**	**$ 1,097,935**	**$ 1,155,633**	**$1,155,633**
NOTE: By law, interest earnings						
are to be transferred to the Land						
& Water Dev. Sinking Fund and						
are, therefore, not included here.						
Interest Beginning Balance, July 1	**$ -**	**$ 36,977.80**	**$ 9,593.80**	**$ 9,741.80**	**$ 8,841.65**	**$10,592.32**
Interest Earned	$36,977.80	$ 69,132.00	$ 115,291.00	$ 110,154.23	$107,176.09	
(Interest Transferred to 044 Fund)	$ -	$ 96,516.00	$ 115,143.00	$ 111,054.38	$105,425.42	
Total	**$36,977.80**	**$ 9,593.80**	**$ 9,741.80**	**$ 8,841.65**	**$ 10,592.32**	**$10,592.32**
*This expenditure covers costs associated with services billed by the Comptroller's Office						
AMOUNTS FOR FY 99/00 ARE AS OF MAY 30, 2000.						

Appendix I

Office of Administration Audit Recommendations and the Department's Responses

The audit had three objectives that will be discussed individually with the findings and the Departments responses.

Objective 1 was to determine if the security of the data was adequate in the databases and over the network.

Recommendation 1: Office of Administration recommended that security should be improved by allowing each District Mining Office to modify only its own data and that all other access should be read only.

Action: *The Remining Financial Assurance Fund Oversight Committee redesigned the database to accomplish this recommendation and implemented it on July 1, 1999.*

Recommendation 2: Office of Administration recognized that the Department was regularly backing up the databases. Office of Administration recommended that the backup tapes be stored off-site.

Action: *The database backup tapes are stored off-site.*

Recommendation 3: Office of Administration recommended the program and system documentation should be improved.

Action: *Copies of user manuals and update directives are now stored in the Bureau of Mining and Reclamation office. Backup documentation for Bureau of Fiscal Management fund reports showing fund transactions, standard bonding rates, reclamation costs, forfeiture rates and margins of safety were incorporated into a Remining Financial Assurance Fund Committee report submitted to the Directors of the Bureaus of Mining and Reclamation and District Mining Operations on November 2, 1998.*

Objective 2 was to determine if the funds in the financial guarantee account were being accounted for correctly and the established program limits for issuance and forfeitures were being adhered to.

Recommendation 4.1: Office of Administration recommended that two special accounts be established within the RFAF - one for the Financial Guarantees program and one for the Bond Credits program. The Office of Administration also recommended that the funding be allocated to the special accounts on a regular basis.

Action: *The Department has established the recommended two special accounts for Financial Guarantees and for Bond Credits.*

Recommendation 4.2: Office of Administration recommended that the amounts in the special accounts should be reviewed at least annually.

Action: *The Department will review the amounts in the special accounts annually.*

Recommendation 4.3: Office of Administration recommended that the Program databases be reconciled with the ICS system.

Action: *The Department is currently drafting changes to the Technical Guidance Document that will enable this to happen. The database was revised to allow the input of the revenue transmittal date, and transmittal numbers for each payment. A report was created that shows all payments received within the specified date range. These enhancements should assist in reconciling the database records with the ICS system.*

Recommendation 4.4: Office of Administration recommended that copies of all annual renewals for each financial guarantee be included in the hard copy folders maintained in Bureau of Mining and Reclamation files.

Action: *This was deemed unnecessary after the redesigned database was implemented on July 1, 1999.*

Recommendation 4.5: Office of Administration recommended that the operator and permit limits in the Financial Guarantee program be reviewed and calculated at least annually.

Action: *The Remining Financila Assurance Fund Oversight Committee will incorporate this task into its procedures.*

Recommendation 4.6: Office of Administration recommended that a consistent policy should be developed for prorating annual payments for financial guarantees that are issued for less than one year.

Action: *The Remining Financial Assurance Fund Oversight Committee revised the policy on payments and they are no longer prorated. Each Financial Guarantee is tracked separately and the operator pays for a full one-year premium before the permit gets issued. This will eliminate any inconsistencies in payment calculation. This was implemented on July 1, 1999.*

Recommendation 4.7: Office of Administration recommended that the Department improve consistency of the annual financial guarantee payments and renewal payments.

Action: *The Remining Financial Assurance Fund Oversight Committee revised the policy on payments and they are no longer prorated. Each Financial Guarantee is tracked separately and the operator pays for a full one-year premium before the permit gets issued. This will eliminate any inconsistencies in payment calculation. The database was revised to include showing payments past due so that instruments where the payments were missed do not disappear from the report. The database calculates the amount of the payment based on the outstanding amount on the financial guarantee. This should provide consistency in handling the payments in all districts. The Technical Guidance Manual is being revised to provide further clarification and to institute a policy to handle missed renewal payments consistently.*

Recommendation 4.8: Office of Admininstration recommended that the tracking of permits with more than one financial guarantee needs improvement.

Action: *The database was revised to show the total amount used on a permit and by an operator as the information is inputted into the database. The database will not allow an amount to be entered if it will cause the operator to exceed any one of the limits. The reports that show the amount of financial guarantees on a permit was revised to show the amount of financial guarantees available on the permit.*

Recommendation 4.9: Office of Administration recommended that the Financial Guarantee database be modified to document and track forfeitures of financial guarantees.

Action: *The Financial Guarantee database has been modified to document and track forfeitures. Site status codes were added to the database and the system automatically conducts calculations to determine if one of the two safeguards placed in the law are triggered by a forfeiture. If any one of the safeguards is triggered, the database will automatically lock up and will not allow any new records to be created. This effectively ensures the regulatory requirements are met.*

Recommendation 4.10: Office of Administration recommended that the Bond Credit database be adjusted to reflect the current allocations between each office.

Action: *The database reflects the current allocations.*

Objective 3 was to determine if the issuance, usage, rollovers, releases and termination of bond credits were being accurately tracked in the database.

Recommendation 5.1: Office of Administration recommended that data fields follow a consistent format and use the Department's naming standards and consistent format.

Action: *The database has been modified to use the established naming standards and consistent data format.*

Recommendation 5.3: Office of Administration recommended that edits be added to alert users when an operator limit has been exceeded.

Action: *The database has been modified to post the current limits on appropriate screens. The reports that show the amount of financial guarantees used by each operator and used on each permit have been revised to also show how much is available on that permit or for the operator. The data input screen was revised to show the limits and to display how much is currently used by the operator. The database will not allow an amount that would cause the operator to exceed the permit or operator limit to be entered. It will display screens that state what the limits are that are being exceeded.*

Recommendation 5.3: Office of Administration recommended that the database be used to perform calculations when possible.

Action: *The Financial Guarantee database has been modified to automate as much of the process as possible. For example, it calculates the annual fee payments due date and outstanding amounts.*

Recommendation 5.4: Office of Administration recommended that the audit trail be improved by indicating the permit limits in effect when each financial guarantee is issued, clearly indicating bond releases, that each financial guarantee should have its own number, linking each financial guarantee to its permit, and indicating transfers.

Action: *The Financial Guarantee database has been modified to accomplish all of these recommendations. The limits that were in place when the particular guarantee was issued are a part of the record. In addition, an audit trail is created when data is entered or changed to show what the changes were, and who made the changes. Certain changes require the person entering the data to complete a comment field to explain why they made the change. This information is maintained as a part of the permanent record.*

Recommendation 6.1: Office of Administration recommended that the Bond Credit database should be modified to track bond credit rollover and the partial use of a bond credit.

Action: *There were no bond credits in the database at the time of the audit, therefore, the auditor could not conduct a complete evaluation. The database does track partial uses of a bond credit. The committee does not feel it is necessary to track bond credit rollovers since they do not constitute a use and do not affect the bond credit value.*

Recommendation 7.1: Office of Admininstration recommended that correspondence with program participants needs to be clearer and that bond release letters need better identification.

> ***Action:*** *Improvements have already been made. Letters will be reviewed again when the Technical Guidance document is updated.*

Recommendation 7.2: Office of Administration recommended that the issuance and release dates be placed in separate columns and that issuance dates correspond to the mining permit issuance date.

> ***Action:*** *This change was not made. The committee felt that the dates, although in the same column, could be distinguished from each other. The queries work with the dates in the same column and keeping the dates in the same column shows a sequential history of the financial guarantee.*

Recommendation 7.3: Office of Administration recommended that data fields be added to the database to track the annual payment information such as transmittal number, date submitted, and check amount.

> ***Action:*** *The Financial Guarantee database was redesigned to include this improvement. The District Mining Offices have started inputting data for the new payments.*

Recommendation 7.4: Office of Administration recommended that the database be adjusted to calculate amounts available of financial guarantees used by an operator and amounts used on each permit.

> ***Action:*** *The reports that show the amount of financial guarantees used by each operator and used on each permit have been revised to also show how much is available on that permit or for the operator. The data input screen was revised to show the limits and to display how much is currently used by the operator. These amounts change as information is put into the database, so there is instantaneous verification of how close the operator is to each limit.*

Recommendation 7.5: Office of Administration recommended that the Funds Available report be improved by calculating and displaying the available funds as well as the funds already committed based on the forfeiture rate and the margin of safety.

> ***Action:*** *The database currently calculates the available funds using the forfeiture rate plus the margin of safety. The Fund Limit report shows how much has been committed and what the remaining balance is for the fund.*

Recommendation 7.6: Office of Admininstration recommended that the Payments Due report be improved to show the payments not received.

Action: *The Payments Due report now also displays the payments not received.*

Recommendation 7.7: Office of Administration recommended that calculation of initial prorated payments needs improvement.

Action: *The policy was revised to eliminate prorating of payments effective July 1, 1999.*

Recommendation 8.1: Office of Administration recommended that improving the telephonic data communication lines might increase response time.

Action: *The telephonic data communication lines have been upgraded in all of the District Mining Offices.*

Recommendation 8.2: Office of Administration recommended that response time would improve if the location of the database were moved from Hawk Run District Mining Office to the Rachel Carson State Office Building (RCSOB).

Action: *The relocation of the database to the RCSOB has been discussed. As soon as the hardware becomes available (an additional server), the database will be moved.*

Recommendation 8.3: Office of Administration recommended that access permissions needed adjustment because it only allowed one person to use the database at a time.

Action: *The database was redesigned and upgraded to accomplish this. The upgraded Financial Guarantee database security process allows more than one person to use the database at a time.*

Recommendation 9.1: Office of Administration recommended that the database design be reviewed to increase the efficiency of the processing and to display the data chronologically.

Action: *The data is now displayed chronologically.*

This report and related environmental information are available electronically via Internet. For more information, visit us through the Pennsylvania homepage at http://www.state.pa.us or visit DEP directly at http://www.dep.state.pa.us (choose directLINK "Reclaim PA").

www.GreenWorks.tv - A web space dedicated to helping you learn how to protect and improve the environment. The site features the largest collection of environmental videos available on the Internet and is produced by the nonprofit Environmental Fund for Pennsylvania, with financial support from the Pennsylvania Department of Environmental Protection, 877-PA-GREEN.