



# PENNSYLVANIA ANTHRACITE COUNCIL

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July 11, 2016

To: DEP Bureau of Mining Programs

From: Duane C. Feagley *Duane*

Re: Re-Mining Incentives to Offset Costs of Administrative Fees

As a result of our last few meetings, industry and the Department have made great strides in reaching an agreement on a permitting fee structure moving forward. However, one point of discussion still remains and that is the Department's proposed Permit Administration Fee.

While we understand the desire and the need for the Department to impose this fee, we are asking you to consider some other factors as we finalize Permit Fee regulations.

First, according to BAMR, from 2012-2014 the Bureau completed 2,110 acres of abandoned high wall and surface mine restoration at a total cost of \$49,906,450. This is an average cost of \$21,756.61 per acre.

### 2012-14 BAMR Highwall and Surface Restoration Summary

Year	Project Type	# of Projects	Acres	Cost	Per Acre +
2012	Highwall/Surface Restore	18	841.4	\$ 18,171,426.00	\$ 21,596.65
2013	Highwall/Surface Restore	20	575.5	\$ 15,255,149.00	\$ 26,507.64
2014	Highwall/Surface Restore	15	693.1	\$ 12,479,875.00	\$ 18,005.88
	Total	53	2110	\$ 45,906,450.00	\$ 21,765.61

- Please note these figure includes BAMR reclamation in both anthracite and bituminous coal field

According to DEP statistics, since 1998, more than 43,000 acres of coal lands have been reclaimed as a result of re-mining in the Commonwealth of Pennsylvania. Anthracite coal mine operators have re-mined and reclaimed more than 20,436 acres of surface abandoned mine land features and 193 acres of underground abandoned mine lands.

Additionally, bituminous coal mine operators have reclaimed 14,040 acres of abandoned surface mine lands and 8,739 acres of underground abandoned mine lands for a total of 22,779 acres. That is an average of over 2,500 acres annually. Based on current BAMR costs, the environmental benefits to the Commonwealth in the Anthracite Region over this period is an estimated \$900 million or about \$52 million annually since 1998.

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It should also be noted that all BAMR jobs are targeted to P1 and P2 sites which eliminate public safety hazards. Anthracite mine operators typically re-mine less hazardous P3 abandoned mine sites. Thousands of acres of these P3 abandoned mine sites dot the region's landscape creating a continued environmental health and safety hazard to the citizens of the region. Further, these are areas that are not likely to ever be reclaimed by BAMR meaning the only real solution to reclaiming these sites is through re-mining reclamation.

The re-mining of abandoned mine land in the Anthracite and bituminous regions reclaims more land and water improvement than BAMR at minimal costs associated with administering the program. In addition to the environmental benefits of re-mining. It is also important to note the significant economic benefits associated with re-mining in the Anthracite region.

In 2014, the DEP reported nearly 1,000 persons were directly employed by companies engaged in re-mining activities in the Anthracite region. The industry contributes a direct payroll of nearly \$100 million to the state's economy. The average re-mining employee earns a salary and benefits package of between \$60,000 and \$75,000 annually. In addition, re-mining contributes to the creation of hundreds more ancillary jobs adding even more income to the region and state, local and federal taxing bodies.

In short, we strongly believe that because the Commonwealth and its taxpaying citizen's benefit from the environmental reclamation received from re-mining, that it is reasonable that they should also share in the administrative costs associated with maintaining such a program.

Therefore, we recommend that the DEP, develop and offer an incentive on all re-mining sites in Pennsylvania that can be used to offset any administration fees or costs incurred by the Department in administering its program. One possible incentive to consider is to eliminate the administrative fee on all re-mining sites using a Re-mining Financial Guarantee (RFG). In recommending this, we recognize that there will need to be some discussion regarding this incentive and the possibility of other additional incentives to offset the administration fees and how to apply and administer such incentives.

Thank you for your time and attention to our recommendation. We look forward to discussing this issue with you further.