



Western Interstate Energy Board/ WINB

May 26, 2006

Alberta
Arizona
British Columbia
California
Colorado
Montana
Idaho
Nebraska
Nevada
New Mexico
Oregon
Saskatchewan
Utah
Washington
Wyoming

Joanna Prukop
Chairman

Douglas C. Larson
Executive Director

Mr. Brent Wahlquist, Acting Director
Office of Surface Mining
1951 Constitution Ave. N.W.
Washington, D.C. 20240

Dear Brent:

Western states are increasingly concerned that the Office of Surface Mining will fail to live up to its statutory obligation regarding the funding of grants to support state coal mine regulatory programs under the Surface Mining Control and Reclamation Act. Current forecasts show that OSM is planning to allocate \$1.2 million less than needed in the States of Colorado (-\$321,000), Montana (-\$230,000), New Mexico (-\$46,000), Utah (-\$202,000) and Wyoming (-\$310,000). These shortfalls represent significant percentages of the small budgets of these regulatory agencies and can potentially adversely affect the nation's coal production. Almost 50 percent of the nation's coal is mined in these states.

The severity of the implications of the shortfall in the federal government's share of regulatory grants varies from state to state. In some states, such as Montana, the state regulatory program will be leaving positions open at least through FY 07 and possibly forced to permanently eliminate at least two FTE's if they are unable to find other funding sources. In other states, staff cutbacks could reduce the states' ability to process bond releases in a timely manner. These cutbacks undermine the Act's objective of effective mine site inspections, and quality and timely reviews of coal mining permit applications so important to the Administration's energy goals.

We urge the Office of Surface Mining to re-examine its allocation of FY 07 funds to ensure that Western state regulatory programs are fully funded.

Sincerely,

Richard A. Chancellor, Chairman
Reclamation Committee
Western Interstate Energy Board

cc: Pam Inmann, Executive Director, Western Governors' Association
WIEB Reclamation Committee
Al Klein, OSM Regional Director