



United States Department of the Interior

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

Washington, D.C. 20240



JUN 27 2006

Mr. Richard A. Chancellor
Chairman, Reclamation Committee
Western Interstate Energy Board
1515 Cleveland Place, Suite 200
Denver, CO 80202-5179

Dear Mr. Chancellor:

Thank you for your letter of May 26, 2006, which expressed concerns regarding funding for the regulatory grants programs in the western States. In your letter, you projected that several will have shortages in Fiscal Year (FY) 2007, and asked that the Office of Surface Mining (OSM) reexamine our allocations for FY 2007.

We understand your concerns and, as in the past, we are willing to work with the States to avoid any significant funding impacts. We remain committed to providing regulatory grant funding that States need to carry out the program. However, these grants are part of our overall budget process and the level of the grants must be considered along with the other programs we must fund each year. Despite a tight budget, we requested a \$2 million increase in regulatory grant funding for FY 2007.

The actual distribution will consider the States' 3-month estimates which are currently being collected and reviewed. We will be looking closely at all States' requests to ensure that limited grant funds meet critical needs.

Thank you again for your concern. If I can be of any assistance, please call me at 202-208-4006.

Sincerely,

Brent Wahlquist
Acting Director