

Sunset Public Hearing Questions for
Interstate Mining Compact
Created by Section 59-10-101, *Tennessee Code Annotated*
(Sunset termination June 2014)

1. Provide a brief introduction to the Interstate Mining Compact and the Interstate Mining Compact Commission, including information about its mission, purpose and duties. Who, in Tennessee, has primary responsibility for execution of provisions of the compact?

Please refer to page 2 of the 2011 Interstate Mining Compact Commission (IMCC) Annual Report (Attachment #1) "History and Purpose of the Compact". A copy of the IMCC Strategic Plan is also enclosed (Attachment #2). The Commissioner of Environment and Conservation (Mr. Robert J. Martineau) serves as the Governor's official representative to the Compact for the state of Tennessee. He was appointed to this position by the Governor of Tennessee.

2. What other states have entered into the Compact with Tennessee? Have any party states withdrawn from the compact under the provisions of Article VIII(b) during the last five years? If so, which states and what were their stated reasons for withdrawing?

There are currently 25 member states in the Compact, including 21 full member states and 4 associate member states. Member states include: Alabama, Alaska, Arkansas, Illinois, Indiana, Kentucky, Louisiana, Maryland, Missouri, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia and West Virginia. Associate member states include: Colorado, New Mexico, Nevada and Wyoming. No states have withdrawn from the Compact during the last five years although two states (Alaska and Utah) have become full members within the past year after having been associate members previously.

3. What is the cost to Tennessee for the state to participate in the compact and what types of expenses are involved?

Tennessee's annual assessment for IMCC membership in Fiscal Years 2014-2015 is \$15,863. Dues assessments for FY 2012 and 2013 were \$18,174. There are no expenses to Tennessee other than the annual dues assessments and any necessary travel expenses to IMCC meetings. (Note that Tennessee did not attend any IMCC meetings in FY 2012 or 2013 other than the April 2012 Annual Meeting in Asheville, NC due to budget constraints).

The reduction in dues for FY 2014-2015 is the result of reduced operational costs within the IMCC, the addition of 2 new full member states, and an increase in dues paid by associate member states. Dues are pro-rated for each state as a percentage of the IMCC budget, so dues amounts vary year-to-year.

Please refer to page 26 of the enclosed 2011 Annual Report (Attachment #1) for a listing of IMCC budgeted expenses for the year ended June 2011, and to page 29 of the enclosed 2010 Annual Report (Attachment #3) for a listing of IMCC budgeted expenses for the year ended June 2010. [The Annual Report for 2012 will be published in the summer of 2013.]

4. How many times has the commission met during fiscal years 2011 and 2012, and did Tennessee have a voting representative present at each meeting?

The Commission meets twice a year, every year. The Commission met on April 30 – May 2, 2012 in Asheville, North Carolina for its annual meeting. The Commission met on October 11 – 12, 2012 in Chicago, Illinois for its mid-year meeting. The Commission met on April 14 – 17, 2013 in Cincinnati, Ohio for its annual meeting. IMCC’s mid-year meeting will be held in San Antonio, Texas this year from October 2 – 3. Various committees of the Commission met throughout the year, including the Awards Committee, the Finance Committee, the Mine Safety and Health Committee, and the Environmental Affairs Committee.

Tennessee attended the 2012 Asheville meeting, but no others during FY 2011 and 2012 due to budget constraints; however TN participated via phone conference in several committee meetings and executive sessions. Tennessee acted as Vice Chairman of the Abandoned Mine Lands (AML) Committee for 2012 and Vice Chairman of the Resolutions Committee for 2010. A report on the Commission’s meetings can also be found in the annual reports (Attachment #1 and #3) under “Yearly Commission Meetings” and “Activities of the Standing Committees”.

Tennessee is serving as Chairman of the AML Committee in 2013.

5. Are meetings of the commission and committees open to the public? Are full minutes of meetings kept and are they open for inspection? If so, who maintains the minutes and where are they maintained?

All meetings of the Commission and its committees are open to the public pursuant to Commission policy. All records of the Commission, including minutes of all meetings, are open to the public for inspection at the Commission’s offices in Herndon, Virginia. Minutes are prepared by IMCC staff following each meeting of the Commission and its committees. Each member state is provided with copies of the minutes of all meetings; 2012 annual meeting minutes are enclosed as an example (Attachment #4). [Minutes for the 2013 Annual Meeting held April 14 – 17, 2013 in Cincinnati Ohio are expected to be distributed in early to mid May 2013.]

6. Describe the nature and extent of the compact’s activities and any major accomplishments during fiscal years 2011 and 2012.

A detailed listing of the Commission’s activities and major accomplishments is contained in the Compact’s annual report under the “Report of the Executive Director” (pages 3-8 of

the 2011 annual report (Attachment #1) and pages 3-9 of the 2010 annual report (Attachment #3) and under “Activities of the Standing Committees” (pages 10 - 12 of the 2011 annual report (Attachment #1) and pages 11 - 13 of the 2010 annual report (Attachment #3). A copy of the most recent executive director’s report from April 2013 is also enclosed (Attachment #5).

7. Article III of the compact requires Tennessee to establish an effective program for the conservation and use of mined land. Describe Tennessee’s program and how it ensures the protection of the public, including adjoining and other landowners, from damage resulting from mining operations.

The Tennessee Mineral Surface Mining Law of 1972 (TCA 59-8-201 et seq) provides for permitting of mining operations and regulates mining types and processes. All permits require bonding to ensure proper reclamation of mined lands.

Tennessee controls discharges to waters of the state from mining activities thru implementation of the Tennessee Water Quality Control Act of 1977. Appropriately protective permits are required for all discharges to state waters, as per the Federal Clean Water Act and the Water Quality Control Act.

In addition, Tennessee’s Abandoned Mine Lands Program provides for reclamation of abandoned mine lands by assessing threats to public safety and the environment and using both Title IV federal funding from Dept. of Interior and state appropriations and bond monies to conduct reclamation activities. The program acts to remove dangerous health and safety hazards that threaten Tennessee citizens and restore resources impaired by past mining, making them available for economic development, recreation, and ecological function.

8. The commission is empowered, by Article V(h) of the compact, to accept “any and all donations, and grants of money, equipment, supplies, materials and services, conditional or otherwise,” from a variety of governmental and private sources. What were the commission’s revenues (by source) and expenditures (by object) for fiscal years 2011 and 2012?

See 2010 and 2011 IMCC annual reports (Attachments #1 and #3). Please refer to the Financial Reports on pages 24 - 25 of the 2011 report and pages 27 - 28 of the 2010 report, and the enclosed Financial Statements and Independent Auditor’s Report for FY 2012 (Attachment #6). The FY 2013 audit report will be published by September 15, 2013.

9. Article VII of the compact provides for the appropriation of funds for the operations of the commission based upon the commission’s budget. How much was budgeted for and paid by each member state during fiscal years 2011 and 2012?

See enclosed memo dated June 14, 2012 regarding fiscal year 2013 dues assessments, and the attached chart “State Dues Assessments for Fiscal Years 2012 and 2013” (Attachment

#7). See also the FY 2012 audit report (Attachment #6) and the copy of the dues assessment chart for FY 2014 and 2015 audit report (Attachment #8).

10. Article V of the compact provides that the governor of each member state, as the commissioner from that state, will have the assistance of an advisory body whose membership represents mining interests, conservation interests, and other public and private interests from within the state. Section 59-10-102, *Tennessee Code Annotated*, designates the Board of Reclamation Review as the advisory body in Tennessee. However, that body was terminated in 1991. Section 69-3-104(h), *Tennessee Code Annotated*, then designated the advisory function under the compact to be transferred to the Water Quality Control Board, however, that provision of the statute has been dropped from the *Tennessee Code Annotated* as obsolete. What organization, if any, is currently serving as the advisory body called for in the compact? When and how was the entity designated?

It has been our understanding of the law that this function of the Board of Reclamation Review, along with others that are still in Title 59 of the Code, remains with the Water Quality Oil and Gas Board (as the successor to the Water Quality Control Board) by virtue of Public Chapter 117 of 1991 that enacted the provision that was codified at §69-3-104(h). If the action of the Code Commission in deleting §69-3-104(h) changed that (perhaps an Attorney General Opinion is needed to establish that), then we would recommend that the Code Commission replace §69-3-104(h).

11. Article V(j) of the compact provides that the commission will make an annual report to the Governor, General Assembly and the advisory body. Have those reports been made? If so, attach a copy of each of the last two annual reports. Has the commission issued reports other than the annual report during fiscal years 2011 and 2012? If so, please attach copies of those reports.

An annual report is published and made available to all member states of IMCC every year. Copies of the 2010 and 2011 Annual Reports are enclosed as Attachments #1 and #3. Reports are sent to each state's Governor, official representative (appointed by the Governor) and other state contacts. No additional reports have been made in fiscal years 2011 and 2012. [The 2012 Annual Report will be published in the summer of 2013.]

12. Article VI of the compact authorizes the commission to establish advisory, technical, and regional committees as necessary to assist it in the commission's work. What such committees are currently functioning or have concluded activities during fiscal years 2011 and 2012? What role did Tennessee or Tennesseans serve on these committees and how have the committees' activities affected Tennessee?

Please see "Activities of the Standing Committees" in each of the annual reports (enclosed) and the discussion under Question 1. Tennessee is represented on each of the committees (see the enclosed Membership Directory) and may attend the meetings when held in conjunction with the annual meeting. Tennessee representatives can attend other meetings of the committees if the purpose of the meetings impacts the state. Activities of

the standing committees are reported on pages 10 - 12 of the 2011 Annual Report (Attachment #1) and pages 11 - 13 of the 2010 Annual Report (Attachment #3). Tennessee served as the vice chairman of the Abandoned Mine Lands Committee from 2012 – 2013 and as the vice chairman of the Resolutions Committee from 2010 - 2011. Tennessee is serving as chairman of the AML Committee in 2013.

13. How does the compact ensure that it is operating in an impartial manner and that there is no conflict of interest or favoritism?

The Compact's member states all operate under respective conflict of interest rules and regulations that have a "spill-over" effect on the way the states do business in and through IMCC. It is an IMCC policy to conduct its affairs in an impartial manner and to avoid any conflict of interest. In this regard, the Finance Committee previously adopted a policy that any donations received from the mining industry to support events at annual meetings must be negotiated directly with the host, rather than with the IMCC.

14. Describe any items related to the compact that require legislative attention and your proposed legislative changes.

None, other than to reauthorize Tennessee's continued participation in the Compact.

15. Should Tennessee's participation in the compact be continued? To what extent and in what ways would the absence of the compact affect the public health, safety or welfare?

The Commissioner of Environment and Conservation recommends that Tennessee continue its participation in the IMCC. The benefits to the State in terms of interstate cooperation, sharing of ideas, legal and regulatory advice and precedent, research and science are significant. IMCC has become an effective multi-state voice in Congress, defending the authority and integrity of state mining regulatory programs nation-wide, and has helped ensure continued federal funding to states for reclamation activities.

For more detail on the benefits to member states, see the attached Briefing Paper re Membership in the Interstate Mining Compact Commission (Attachment #9). This paper was produced by the IMCC, but Tennessee concurs with this assessment of the services and benefits of Compact membership.

16. Please list all compact programs or activities that receive federal financial assistance and, therefore are required to comply with Title VI of the Civil Rights Act of 1964. Include the amount of federal funding received by program/activity.

[Federal financial assistance includes:

- (1) Grants and loans of Federal funds,
- (2) The grant or donation of Federal Property and interests in property,

- (3) The detail of Federal personnel,
- (4) The sale and lease of, and the permission to use (on other than a casual or transient basis), Federal property or any interest in such property without consideration or at a nominal consideration, or at a consideration which is reduced for the purpose of assisting the recipient, or in recognition of the public interest to be served by such sale or lease to the recipient, and
- (5) Any federal agreement, arrangement, or other contract which has as one of its purposes the provision of assistance.

28 C.F.R. Sec. 42.102(c)]

[The term recipient means any State, political subdivision of any State, or instrumentality of any State or political subdivision, any public or private agency, institution, or organization, or other entity, or any individual, in any State, to whom Federal financial assistance is extended, directly or through another recipient, for any program, including any successor, assign, or transferee thereof, but such term does not include any ultimate beneficiary under any such program.

28 C.F.R. Sec. 42.102(f)]

Although the Commission does not receive federal financial assistance, we have provided the following answers for the Department of Environment and Conservation.

If the compact does receive federal assistance, please answer questions 17 through 25. If the compact does not receive federal assistance, proceed directly to question 24.

17. Does the compact prepare a Title VI plan? If yes, please provide a copy of the most recent plan.

TDEC has a Title VI Plan that is developed for and applicable to all TDEC programs.

18. Does the compact have a Title VI coordinator? If yes, please provide the Title VI coordinator's name and phone number and a brief description of his/her duties. If not, provide the name and phone number of the person responsible for dealing with Title VI issues.

TDEC has a Title VI Coordinator and Complaint Officer.

Coordinator: Costin Shamble (615-253-8337) - Facilitate Title VI compliance activities; review data and make recommendations of actions to enhance Title VI compliance; conduct Title VI training programs; compile Department's Title VI Implementation Plan; represent TDEC at meetings on Title VI.

Interim Complaint Officer: Hoda Guirguis (615-253-3400) - Receives Title VI complaints; conducts an investigation of complaints; facilitates a remedy of Title VI concerns; makes recommendation(s) of actions needed to resolve complaint.

19. To which state or federal agency (if any) does the compact report concerning Title VI? Please describe the information the compact submits to the state or federal government and/or provide a copy of the most recent report submitted.

TDEC is required to submit an annual Title VI Implementation Plan to the Tennessee Human Rights Commission. Additionally, the Plan is submitted to and reviewed by the Title VI Legislative Sub-Committee of the State Legislature. A public hearing is conducted annually on the Plan. Disadvantaged business participation is submitted to the Environmental Protection Agency.

20. Describe the compact's actions to ensure that compact staff and clients/program participants understand the requirements of Title VI.

Internally within TDEC:

- ***Mandatory Civil Rights training of TDEC staff included Title VI***
- ***TDEC Title VI brochure distributed to Department staff***
- ***Periodic discussions with staff, Title VI related actions/activities***
- ***Staff participation in training programs offered by state and federal agencies***

External actions by TDEC:

- ***Participation in Community Title VI workshops and conferences***
- ***Contract language includes Title VI compliance***
- ***Posting of Civil Rights posters***
- ***Distribution of Title VI brochure***

21. Describe the compact's actions to ensure it is meeting Title VI requirements. Specifically, describe any compact monitoring or tracking activities related to Title VI, and how frequently these activities occur.

Minority participation in TDEC programs and activities is reviewed by the Title VI Coordinator. Activities reviewed include: representation on boards, disadvantaged business participation, and public participation. Meetings with the Commissioner's staff are held to discuss minority participation issues at least quarterly. Disadvantaged business participation is submitted quarterly to the Environmental Protection Agency. A compilation of TDEC's minority outreach and participation is reviewed routinely and compiled annually.

22. Please describe the compact's procedures for handling Title VI complaints. Has the compact received any Title VI-related complaints during the past two years? If yes, please describe each complaint, how each complaint was investigated, and how each complaint was resolved (or, if not yet resolved, the complaint's current status).

TDEC did not receive any Title VI Complaints during fiscal year 2010-2011 or fiscal year 2011-2012.

Complaint procedure:

Complaints must be filed in writing. The complaint should be filed on TDEC's complaint form. The division director of the program will forward the complaint to the Title VI Complaint Officer.

TDEC will make a prompt investigation when a complaint or other information indicating a violation is received. If the investigation indicates a violation of Title VI, TDEC will notify the recipient and will attempt to resolve the matter informally. If the investigation indicates that a violation did not occur, TDEC will notify the recipient and the complainant in writing.

The Title VI Complaint Officer will submit findings and conclusions to TDEC Civil Rights Champions. The Assistant Commissioner will issue a decision on the investigation findings and conclusions. Decisions made by the Assistant Commissioner can be appealed to the Commissioner within 30 days of receipt of the decision.

A complaint may be filed with the appropriate Federal agency no later than 180 calendar days after the alleged discrimination occurred.

Citizen suits remain an option in this process.

TDEC's toll free hotline (1-888-891-8332), accessible statewide, is maintained and available for complaints.

23. Please provide a breakdown of current compact staff by title, ethnicity, and gender.

The IMCC is served by a full time staff of two people: Mr. Gregory E. Conrad, Executive Director and Ms. Beth Botsis, Director of Programs. Ms. Phyllis Plummer serves as part-time bookkeeper. All three staff members are Caucasian.

24. Please list all compact contracts, detailing each contractor, the services provided, the amount of the contract, and the ethnicity of the contractor/business owner. *N/A*

25. Describe how the compact ensures that minorities are included in needs assessments or any other discussions regarding program needs. *N/A*

INTERSTATE MINING COMPACT COMMISSION

2011 ANNUAL REPORT



About the Cover Photos:

On the cover are photos of the Interstate Mining Compact Commission's 2011 Kenes C. Bowling National Reclamation Award winning sites. The two photos on the top are of the winning site in the noncoal category: Frozen Ropes Baseball Company – Frozen Ropes Sports Park (New York). The three photos on the bottom are of the winning site in the coal category: Patriot Coal Company, LP – Patriot Surface Mine (Kentucky).

Chairman's Message

As Chairman of the Interstate Mining Compact Commission (IMCC) for 2011, it is my pleasure to submit to you the Commission's Annual Report. As you will note in the Executive Director's report, IMCC was engaged on many fronts representing the interests of its member states before Congress and the executive agencies in Washington, D.C. IMCC testified before various congressional committees on issues ranging from abandoned mine land reclamation, to stream protection standards, to federal funding for state regulatory programs. Among the key issues that IMCC prosecuted before the federal agencies were financial responsibility requirements for hardrock mining sites, oversight of state regulatory programs, mine placement of coal combustion residues, and mine emergency response.

IMCC continued to coordinate its efforts on issues of mutual concern with other state government organizations such as the National Association of Abandoned Mine Land Programs, the Association of State and Territorial Solid Waste Administrators, and the Western Governors' Association. IMCC also interacted with industry and environmental organizations to provide state perspectives on many of the issues mentioned above. Through these coordination and facilitation efforts, IMCC ensures that the states have a strong and concerted voice in the ongoing debate concerning national mineral policy and energy security.

The year 2011 will be remembered as one of the busiest and most productive for IMCC and its member states as we continued to work with both a new Administration and a new Congress. Through the commitment and active participation of each member state, IMCC remains well positioned to advocate for our interests in Washington, DC and to provide much needed support among the member states.

It has been my privilege to serve as your Chairman during 2011. I encourage all of the states to continue their active support of the Compact as we strive to advance the protection of our natural resources while maintaining an efficient and productive mining industry.

A handwritten signature in black ink, appearing to read "Martin O'Malley". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Martin O'Malley
Governor of Maryland
Chairman
Interstate Mining Compact Commission

**2011 Annual Report
of the
Interstate Mining Compact Commission**

Gregory E. Conrad
Executive Director

Beth A. Botsis
Director of Programs

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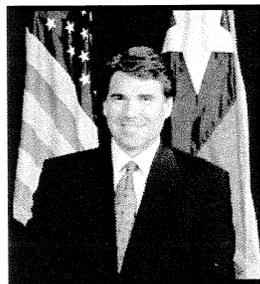
2011 Officers



Governor Martin O'Malley
Maryland — Chairman



Governor Mitchell E. Daniels
Indiana — Vice Chairman



Governor Rick Perry
Texas — Treasurer

History and Purpose of the Compact

The Southern Governors' Conference Meeting in San Antonio, Texas in 1964 recognized and came to grips with the problems of surface mining. Governor Edward R. Breathitt of Kentucky and Governor Bellmon of Oklahoma sponsored a resolution which in part read: "Whereas the Council of State Governments sponsored an interstate conference, in which surface mining problems of the states were reviewed, and whereas such conference underlined the desirability of action by industry to utilize techniques designed to minimize waste of our natural resources and the desirability of action by the states to assure adherence to sound standards and procedures by the mining industry: Now, therefore, be it resolved by the Southern Governors' Conference that the Council of State Governments be requested to assist representatives of the states in which surface mining takes place in exploring the possible role of interstate action, through Compact and otherwise, in this field."

The Interstate Mining Compact Commission (IMCC) was thus conceived and Kentucky became its first member followed by Pennsylvania and North Carolina. With the entry of Oklahoma in 1971, the Compact was declared to be in existence and operational. In February 1972, permanent headquarters were established in Lexington, Kentucky and an executive director was retained. Since that time, twenty additional states — West Virginia, South Carolina, Maryland, Tennessee, Indiana, Illinois, Texas, Alabama, Virginia, Ohio, Louisiana, Arkansas, New Mexico, Missouri, New York, North Dakota, Utah, Wyoming, Alaska and Colorado — have become members. New Mexico withdrew from the Compact in 1991 as a full member but rejoined as an associate member in 2000. New York joined the Compact as its first associate member state in 1994. Since then the following states have also joined as associate members: North Dakota (2000), Utah (2004), Wyoming (2005), Alaska (2006), and Colorado (2007). New York and North Dakota are now full members.

The Mining Compact is designed to be advisory, not regulatory in nature, and its defined purposes are to:

- ▶ Advance the protection and restoration of the land, water, and other resources, affected by mining;
- ▶ Assist in the reduction or elimination or counteracting of pollution or deterioration of land, water, and air attributable to mining;
- ▶ Encourage (with due recognition of relevant regional, physical, and other differences) programs in each of the party states which will achieve comparable results in protecting, conserving, and improving the usefulness of natural resources, to the end that the most desirable conduct of mining and related operations may be universally facilitated;
- ▶ Assist the party states in their efforts to facilitate the use of land and other resources affected by mining, so that such may be consistent with sound land use, public health, and public safety, and to this end study and recommend, wherever desirable, techniques for the improvement, restoration, or protection of such land and other resources; and
- ▶ Assist in achieving and maintaining an efficient and productive mining industry and increasing economic and other benefits attributable to mining.

Report of the Executive Director

As a new Administration took over the reins in Washington, DC in 2011 and the House of Representatives shifted to Republican control, the Interstate Mining Compact (IMCC) was faced with a host of new challenges and opportunities. The new year also saw the election of eleven new governors of IMCC member states. Consequently, the beginning of the year saw IMCC actively engaged in briefing the new governors and monitoring leadership changes in key congressional committees in the House. And while it took several months for the 112th Congress to gear up for its first session, once legislative activity began, the pace was unrelenting, particularly in the House. Oversight hearings on Administration actions and proposals, particularly in the mining arena, were the order of the day. And while there was little substantive legislation actually passed, IMCC was requested to review several legislative proposals that would potentially impact state mine regulatory programs. IMCC was also active in monitoring and commenting on federal agency actions concerning funding, oversight and several important regulatory issues, as noted below.

The member states of the IMCC also invested considerable time during the year planning for the future of the organization by reevaluating our strategic plan. A task group consisting of several member states worked with the Executive Director in developing new goals, strategies and measures that would guide our future work. Conference calls of the task group were held on November 30 and December 13 and a revised strategic plan was expected to be presented to the full membership at the 2012 annual meeting.

Our initial work early in the year revolved around the budget and appropriations process, beginning with the release of the Administration's proposed budget for Fiscal Year 2012 on February 15, 2011. The Office of Surface Mining (OSM) hosted a conference call that day to brief the states on the details of the budget, in which IMCC participated. Two days later, IMCC

facilitated a conference call of the states to further discuss the budget and its implications for the states. IMCC also worked closely with the National Association of Abandoned Mine Land Programs (NAAML) to develop positions, resolutions and testimony concerning the FY 2012 budget. IMCC met with congressional staff to discuss OSM's proposed budget on several occasions, including January 28, March 10 and March 22 with the House Energy and Mineral Resources Subcommittee and on March 22 with the Senate Interior Appropriations Subcommittee. IMCC also monitored hearings on the Department of Interior's proposed FY 2012 budget by the Senate Energy and Natural Resources Committee on March 2 and by the House Interior Appropriations Subcommittee on March 8. IMCC attended a hearing by the latter Subcommittee on March 10 at which OSM Director Joe Pizarchik testified. As part of the hearing process, IMCC provided questions to the congressional committee staff for the Interior Department witnesses in advance of the hearings.

IMCC, together with the NAAML, testified at a hearing by the House Energy and Mineral Resources Subcommittee on April 7 regarding OSM's budget proposal. Butch Lambert of Virginia testified for IMCC and Loretta Pineda of Colorado testified for NAAML. I testified on behalf of IMCC at a hearing by the House Interior Appropriations Subcommittee on April 14. IMCC also sponsored and facilitated a briefing for congressional staff on OSM's budget on the afternoon of April 7 at which several state representatives from both IMCC and NAAML participated.

Near the end of September, the President unveiled his Deficit Reduction Plan, which contained several legislative proposals related to abandoned mine lands (AML) programs for both coal and hardrock. IMCC worked with NAAML to formulate positions on the proposals and to communicate those positions to the Joint Special Committee on Deficit Reduction (e.g. the "Supercommittee") via letter of October 24, 2011.

Also on the appropriations/budget front, IMCC submitted statements to the Labor, Health and Human Services, Education and Related Agencies Subcommittees of the House and Senate Appropriations Committees on March 5 concerning the FY 2012 budget request for the Mine Safety and Health Administration (MSHA) within the U.S. Department of Labor.

IMCC was involved with several other legislative activities throughout the year, often jointly with NAAML. The House Energy and Mineral Resources Subcommittee held an oversight hearing July 14, 2011 on “Abandoned Mine Lands: Innovative Solutions for Restoring the Environment, Improving Safety and Creating Jobs” at which Loretta Pineda of Colorado testified on behalf of IMCC and NAAML. The hearing served as the precursor to the development of legislation that will address several amendments to SMCRA concerning the use of unappropriated state share balances for noncoal work and for the acid mine drainage set-aside program, limited liability protections, and establishing a hardrock AML program. The legislation is also expected to address Good Samaritan protections for those who perform hardrock AML work. IMCC’s testimony addressed each of these matters.

In a related action in the Senate, IMCC submitted a statement at a legislative hearing on S. 897 on May 18, 2011. The bill would amend the Surface Mining Control and Reclamation Act of 1977 (SMCRA) to allow the use of unappropriated state share balances for noncoal work and for acid mine drainage set-asides. The bill passed the Senate in July. A conference call of both IMCC and NAAML member states and tribes was sponsored and facilitated by IMCC on July 27 to discuss potential legislation to address limited liability protections for states and tribes who are certified under Title IV of SMCRA. That legislation (S. 1455) was eventually introduced by Senator Tester (D-MT) in early August. IMCC also met with the staff of Senator Mark Udall (D-CO) on July 14 to discuss Good Samaritan legislation. In January, IMCC met with the staff from the House Transportation and Infrastructure

Committee and the Senate Environment and Public Works Committee to discuss the potential for Good Samaritan legislation in the 112th Congress.

Congressional interest was also sparked with respect to several pending rulemakings by the Administration on such topics as coal combustion residuals, financial responsibility for hardrock mines, stream protection and related water quality requirements for coal mines. This was played out in a series of congressional oversight hearings and in riders on appropriations bills to restrict funding for these efforts. IMCC testified at an oversight field hearing on OSM’s proposed stream protection rule held by the House Energy and Mineral Resources Subcommittee on September 26 in Charleston, West Virginia. IMCC helped to coordinate the testimony of three state witnesses from West Virginia, Virginia and Wyoming. Conference calls were held on September 16 and 21 to plan for the hearing. IMCC submitted a statement for the record on October 5.

The Interior Department announced in October of 2011 the potential consolidation of OSM within the Bureau of Land Management (BLM) in an effort to realize cost savings and administrative efficiencies. A congressional oversight hearing on the proposed consolidation was held on November 17 by the Senate Energy and Natural Resources Committee, at which Butch Lambert of Virginia testified on behalf of IMCC. A conference call of the member states was held on November 8 to brief the states on the proposed consolidation and to seek input for testimony. A conference call was held on November 14 with the two state witnesses (Mr. Lambert and John Corra of Wyoming) to coordinate testimony.

On the regulatory front, IMCC continued its working relationship with several federal agencies with whom we have traditionally done business over the years. In January of 2011, IMCC submitted extensive comments to the Office of Surface Mining regarding draft directives on Ten-Day Notices (INE-35), annual oversight reports (REG-8) and corrective actions (REG-23). IMCC also participated in a conference call with OSM

officials on March 8 to discuss oversight data needs and the development of an annual permit map. IMCC facilitated several conference calls with member states who are serving as cooperating agencies in the development of OSM's environmental impact statement (EIS) to accompany a proposed rule on stream protection. Conference calls were held on January 24 and February 3 to coordinate comments on the draft EIS. IMCC helped to coordinate and participated in three regional OSM/State meetings: the Appalachian regional meeting on June 1 and 2 in Cincinnati; the Mid-Continent regional meeting on June 21 and 22 in St. Louis; and the Western regional meeting on August 9 and 10 in Denver. At each meeting, several key regulatory, technical and policy issues were discussed.

IMCC is also a member of several OSM/State steering committees. I am a member of the National Technology Transfer Team (NTTT) which met via conference call on January 4, March 1, May 3, June 28, August 16, October 5 and December 8. IMCC is represented on the Acid Drainage Technology Initiative (ADTI) by Nick Schaer of West Virginia. I serve on a steering committee planning for the next Indiana Bat interactive forum. Conference calls were held on June 7, July 13, September 14 and November 22. I also serve as a member of the state/federal task group that is overseeing the development and implementation of the Indiana Bat Guidance document. A conference call was held on December 2 to discuss a survey, to be distributed by IMCC, about how the guidelines are being used in the field.

IMCC helped to coordinate and facilitate a meeting of state and federal agency personnel to discuss development of a geospatial database for surface coal mine permits, including a pilot project for testing the database effort. A conference call was held on March 23 to discuss progress on the effort. IMCC also coordinated and facilitated a conference call between OSM and the states on August 3 regarding a potential proposed rule on the placement of coal combustion residues in mines. IMCC followed up with a memorandum to OSM on August 30

regarding suggested approaches for the potential rule. IMCC had previously submitted a letter to OSM on June 30 regarding the states' concerns on the potential rule.

IMCC received \$15,000 pursuant to a contract with OSM for the development of future benchmarking workshops. Plans called for IMCC to sponsor a workshop on mine mapping in early 2012. A steering committee consisting of state and federal agency personnel met on several occasions during the year to develop the program for the workshop, including conference calls on July 28, August 4, August 17, September 14, November 10 and December 7. IMCC also received an additional \$20,000 for its COALEX contract with OSM, pursuant to which IMCC completed work on an updated version of the Surface Mining Control and Reclamation Act reflecting all amendments and appropriations activity as of January, 2010. Future funding for this contract remains uncertain.

IMCC continued its work with the Mine Safety and Health Administration (MSHA) throughout the year. A meeting with Assistant Secretary Joe Main and several members of his leadership team was held on February 1 at MSHA headquarters in Arlington, Virginia. A states-only meeting was held on January 31 to prepare for the meeting with MSHA. Several follow-on actions/discussions were agreed upon in the areas of certification of miners, mine emergency response, and state-federal communications. A conference call to discuss next steps was held between IMCC staff and Assistant Secretary Main on February 17. A follow-up meeting with MSHA staff was held on March 8 to discuss enhanced state-federal discussions on MSHA rulemakings and policy development. It was agreed at that time to complete work on the development of a Memorandum of Understanding (MOU) between MSHA and IMCC regarding our working relationship, drafting of which occurred over the next several weeks. A meeting between state and MSHA officials was held on May 11 in Triadelphia, West Virginia regarding mine emergency response. During that meeting, IMCC's Executive Director and MSHA Assistant

Secretary Main signed the MOU. IMCC's Mine Safety and Health Committee met via conference call on April 27 to approve the MOU and to prepare for the May 11th meeting with MSHA. IMCC testified at a public hearing on June 15 conducted by MSHA on a proposed rule regarding examination of work areas at underground coal mines. Written comments were submitted to MSHA on July 29.

IMCC has been actively involved in the development by the U.S. Environmental Protection Agency (EPA) of a proposed rule under Section 108(b) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) regarding financial responsibility (bonding) requirements for the hardrock mining sector. A conference call of interested and affected states was held with EPA officials on April 13 to discuss the status of the rulemaking. In preparation for the meeting, a conference call of state attorneys general was facilitated by IMCC on April 11 regarding several presentations that would be made during the April 13 conference call regarding existing state financial responsibility programs and issues surrounding federal preemption of state programs. Additional conference calls were also held on January 13, January 24 and February 2 with attorneys general to discuss the development of letters to EPA concerning the preemption issue. EPA also sponsored a webinar to discuss the rulemaking on June 15, at which IMCC participated. Following the webinar, IMCC sent a memo to EPA on June 23 jointly with the Association of State and Territorial Solid Waste Management Officials (ASTSWMO) articulating our concerns with the rule development process and the proposed rule. IMCC is also monitoring the development of a series of reports being prepared by EPA that assess the nature and status of state financial responsibility requirements. IMCC has been in regular contact with EPA and the states regarding these draft reports.

During the year, IMCC was approached by several parties to provide a perspective from the states on a variety of issues. On March 26, I had the opportunity of providing the state

government perspective regarding Clean Water Act and SMCRA permitting concerns as a presenter at a tele-briefing sponsored by Law Seminars International on the topic "EPA's Veto of the Spruce Mine Permit". I also had the opportunity of visiting with a delegation of Chinese mining officials on April 18 in Fairfax, Virginia to present an overview of U.S. mining regulations. On June 29, I met via conference call with officials from the General Accountability Office to discuss uranium mining regulations in the U.S., with a focus on abandoned mine land reclamation.

IMCC continued its working relationship with other state government organizations on matters of mutual concern. IMCC coordinates with the Western Interstate Energy Board (WIEB) and the Western Governors' Association (WGA) on budget issues, abandoned mine lands, Good Samaritan protections and EPA's 108(b) rulemaking on financial responsibility requirements. IMCC has also worked with ASTSWMO, as noted above, and with the Environmental Council of the States (ECOS) on both water and waste issues. We are actively involved with the National Association of Abandoned Mine Land Programs (NAAML), often jointly developing testimony, statements, comments and input to OSM and others on AML-related issues. IMCC attended the Mid-Winter meeting of the NAAML from February 21 -23 in Orange Beach, Alabama and the Annual Conference from October 9 - 12 in Lake Tahoe, California. At the latter meeting, I presented a paper at the plenary session regarding "Key Legislative and Regulatory Challenges Facing Today's AML Program Manager". I also provided several updates and briefings at both meetings regarding OSM's budget, pending AML legislation, OSM and EPA proposed rules, and federal oversight of state programs. IMCC also coordinated several conference calls with the NAAML membership during the year and worked with the leadership of the organization regarding testimony on OSM's budget and pending legislation.

During the year, IMCC conducted several surveys of the states in an effort to serve as a clearinghouse for information and data requests. A survey was conducted for the state of Illinois regarding reporting of water quality excursions under applicable water quality laws related to surface water discharges. A survey was conducted for the Commonwealth of Virginia regarding the status of state work plans under OSM's annual oversight review. A survey was conducted for the state of Louisiana concerning EPA's cross-state air pollution rule and the potential impact on coal mining operations. IMCC conducted a survey of the states as part of our benchmarking workshop on mine mapping to receive input from potential participants. IMCC conducted three surveys on behalf of the Office of Surface Mining: one on cost recovery for permitting actions under SMCRA; another on state regulatory requirements regarding mine placement of coal combustion residues; and another on the implementation and use of the Indiana Bat Guidelines.

IMCC implemented several internal operational adjustments during the year, including moving our membership directory to the IMCC website where it can be regularly updated, switching our health benefits plan to participate in the Commonwealth of Virginia's system, and making several website enhancements. IMCC's audit was conducted on August 3 and the auditor's report was provided to the member states via e-memo of August 17.

On the membership front, IMCC staff worked with several current full member states to provide information that would help explain and justify their annual dues assessment and their continued membership in IMCC, especially given the fiscal crises being faced by many states. IMCC staff also spent a considerable amount of time during the year working with associate member states to pursue legislation bringing them as full members into the organization. With the assistance of IMCC's legal advisor (Richard Morrison of Pennsylvania), IMCC staff also researched approaches used by various states to enter other compacts, including the Interstate Oil and Gas Compact Commission (IOGCC).

Compact legislation for each of the IMCC member states and for several IOGCC member states was gathered and analyzed for potential legislative approaches that would effectuate full membership without the extensive requirements currently required under the traditional approach used by IMCC member states in the past. IMCC staff also researched the law attending interstate compacts to determine appropriate methods for bringing states into compacts. IMCC participated in a webinar sponsored by the Council of State Governments on interstate compacts. A legal memorandum regarding compact enabling legislation was sent to all of the associate member states on September 1 addressing these issues. IMCC is working with several associate members to draft appropriate legislation to bring them into the compact as full members. IMCC met with officials from the state of Nevada to discuss potential membership on October 10 and also communicated with officials from Mississippi, Kansas, Montana and Arizona regarding membership. Finally, IMCC met with staff from New York via conference call on November 14 to discuss the state's outstanding dues assessments.

In today's regulatory, legislative and fiscal climate, state governments who serve as primary regulators of mining operations within their borders face a bevy of challenges on multiple fronts. As IMCC recently reiterated in our revised strategic plan, our mission is to serve as an advocate for the member states in Washington, DC and to serve the states through information exchange, effective communication, benchmarking initiatives, liaison with the federal government and educational outreach as we assist the states in fulfilling their dual responsibilities of assuring development of their abundant and strategically important natural resources while protecting and improving the environment. In the end, our goal is to insure that the states have a strong, concerted voice as we deliver on those responsibilities.

Adjusting to new Administrations and new leadership in Congress, as we saw in 2011, requires heightened vigilance and renewed vigor, especially where long-standing issues remain

unresolved and new challenges present themselves. Through the active participation of our member states, IMCC was able to engage on a number of critical fronts throughout the year, be it congressional oversight or legislative hearings, federal rulemakings , or opportunities to provide data or information to governmental organizations such as the Government Accountability Office. IMCC is regularly sought out for our experience and expertise on mining regulatory issues and we are highly respected for the quality of information and the well-coordinated positions that we provide. This speaks directly to the integrity and perseverance of the agency personnel within our member states who regularly work with the IMCC staff to accomplish these objectives.

As Beth and I begin our 25th year with IMCC, we count it a special privilege to work with so many dedicated state government folks. Your support for us and for the work of IMCC is greatly appreciated. We look forward to the many exciting opportunities that await us in the future.

2011 Standing Committees

Environmental Affairs Committee

Coal Section

James Stephens, Arkansas, Chairman

Thomas Callaghan, Pennsylvania, Vice Chairman

Noncoal Section

Kent Coleman, South Carolina, Chairman

James Simons, North Carolina, Vice Chairman

Abandoned Mine Lands Committee

James Deutsch, North Dakota, Chairman

Mike Kastl, Oklahoma, Vice Chairman

Mine Safety and Health

Johnny Greene, Kentucky, Chairman

Butch Lambert, Virginia, Vice Chairman

Finance and Administrative Committee

John Caudle, Texas, Chairman

Joe Angleton, Illinois, Vice Chairman

Resolutions Committee

C. Edmon Larrimore, Maryland, Chairman

Bruce Stevens, Indiana, Vice Chairman

Awards Committee

Dale Bergquist, Louisiana, Chairman

Lanny Erdos, Ohio, Vice Chairman

(Members of the 2011 Awards Committee: Louisiana, Ohio, Virginia, Colorado and Illinois)

Legal Advisor

Richard Morrison, Pennsylvania

Minerals Education Work Group

Dean Spindler, Illinois, Chairman

Activities of the Standing Committees

Finance and Administrative Committee

The committee met on three occasions during 2011. The committee met via conference call on March 24 to prepare recommendations for staff compensation and benefits. On April 6 the committee met in Wheeling, West Virginia in conjunction with the Compact's Annual Meeting. The committee reviewed the Compact's current financial condition; reviewed and approved the proposed Fiscal Year 2012 budget; reviewed the 2011 Executive Director's evaluations; and were presented with an update by current associate member states regarding their membership status.

On October 19, the committee met in Point Clear, Alabama. The committee reviewed the Compact's current financial condition, reviewed and approved the Compact's Fiscal Year 2011 Audit, and discussed membership initiatives.

Resolutions Committee

The committee met jointly with the Finance and Administrative Committee twice in 2011. On April 6 in Wheeling, West Virginia, the committee recommended approval of five resolutions of appreciation. (See *Resolutions* section of this Annual Report.)

On October 19 in Point Clear, Alabama, the committee recommended adoption of two resolutions of appreciation. (See *Resolutions* section of this Annual Report.)

Environmental Affairs Committee — Coal Section

The Coal Section of the Environmental Affairs Committee met on April 5, 2011 in Wheeling, West Virginia in conjunction with the Compact's Annual Meeting. Among the topics discussed were: the Office of Surface Mining's (OSM) Fiscal Year (FY) 2011 appropriation and FY 2012 budget request; congressional oversight hearings on OSM's proposed FY 2012 budget; discussion of the OSM Oversight Improvement Actions Initiative; OSM rulemakings on mine placement of coal combustion residues and stream protection; water quality requirements for coal mining permits; Indiana Bat Protection and Enhancement Guidelines; and state program amendments related to OSM's final rules on ownership and control.

On October 18, 2011, the committee met in conjunction with the IMCC Mid-Year Meeting in Point Clear, Alabama. Among the topics discussed were: OSM's FY 2012 appropriations; OSM rulemakings on mine placement of coal combustion residues, stream protection, and cost recovery; Clean Water Act issues relating to the Surface Mining Control and Reclamation Act (SMCRA); federal oversight issues under SMCRA; the OSM Geomine Pilot Project; OSM's E-Permitting initiative in the West; and a 2012 IMCC benchmarking workshop on mine mapping.

Environmental Affairs Committee — Noncoal Section

The Noncoal Section of the Environmental Affairs Committee met twice in 2011. On April 5 in Wheeling, West Virginia, the committee met in conjunction with the Compact's Annual Meeting. The committee met again on October 18 in Point Clear, Alabama in conjunction with the Mid-Year Meeting. Topics discussed at the April 5 meeting included: the Environmental Protection Agency (EPA) and the Office of Surface Mining (OSM) rulemakings regarding coal combustion residues; EPA rulemaking on financial assurance requirements under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA); mining law reform; and Good Samaritan legislation.

Topics of discussion at the committee meeting held on October 18 included: the Environmental Protection Agency's (EPA) rulemaking on financial assurance requirements under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA); hardrock abandoned mine lands (AML) legislation; and Good Samaritan legislation. The committee also engaged in a roundtable discussion regarding impacts to state regulatory programs (coal and noncoal) related to requirements and interpretations by EPA and the Army Corps of Engineers related to the Clean Water Act.

Abandoned Mine Lands Committee

The Abandoned Mine Lands (AML) Committee met jointly with the Coal Section of the Environmental Affairs Committee on two occasions — April 5 in Wheeling, West Virginia and October 18 in Point Clear, Alabama. At the April 5 meeting, the committee discussed the following topics: pending legislation in the 112th Congress concerning the Abandoned Mine Lands (AML)

program under the Surface Mining Control and Reclamation Act (SMCRA); Office of Surface Mining (OSM) legislative proposals to amend Title IV of the Surface Mining Control and Reclamation Act (SMCRA); and the status of funding for the AML emergency program in OSM's FY 2012 budget proposal.

At the October 18 meeting, topics discussed included: legislative activity regarding amendments to SMCRA; legislative activity regarding elimination of AML payments to certified states and tribes and the AML grant process; and expenditure of AML grant money – construction v. planning.

Mine Safety & Health Committee

The Mine Safety & Health Committee met jointly with the Noncoal Section of the Environmental Affairs Committee on two occasions in 2011 – on April 5 in Wheeling, West Virginia in conjunction with the Compact's Annual Meeting, on October 18 in Point Clear, Alabama in conjunction with IMCC's Mid-Year Meeting. On April 27 the committee met via conference call to prepare for a meeting with Mine Safety and Health Administration (MSHA) officials on May 11 in Triadelphia, West Virginia regarding mine emergency response. Topics of discussion at the April 5 meeting included: status of mine safety and health legislation; a Memorandum of Understanding (MOU) between IMCC and the Mine Safety and Health Administration (MSHA); recent meetings with MSHA officials; an upcoming meeting between MSHA and IMCC to discuss mine emergency response issues; and certification/decertification issues, including development of a tracking system.

Topics discussed at the October 18 meeting included: an upcoming meeting between IMCC and MSHA; impoundment safety issues; and a 2012 IMCC benchmarking workshop on mine mapping.

Awards Committee

The Awards Committee met via conference call on March 11, 2011 to select winners of the 2011 Kenes C. Bowling National Mine Reclamation Awards. The Education Work Group met via conference call on March 10, 2011 to select winners of the 2011 IMCC National Minerals Education Awards.

The reclamation award recipients, and photos of the winning sites, are listed elsewhere in this Annual Report. The awards were presented at the Annual Awards Banquet on April 5, which was held in conjunction with IMCC's Annual Meeting in Wheeling, West Virginia.

The National Mineral Education Awards were also presented at the April 5 Awards Banquet. The education award recipients are also listed elsewhere in this Annual Report.

Committees and Committee Chairmen and Vice Chairmen for 2012

Environmental Affairs Committee

Coal Section

Thomas Callaghan, Pennsylvania, Chairman

Thomas Clarke, West Virginia, Vice Chairman

Noncoal Section

Tracy Davis, North Carolina, Chairman

Matthew Podniesinski, New York, Vice Chairman

Abandoned Mine Lands Committee

Mike Kastl, Oklahoma, Chairman

Tim Eagle, Tennessee, Vice Chairman

Mine Safety and Health

Butch Lambert, Virginia, Chairman

Craig Corder, Ohio, Vice Chairman

Finance and Administrative Committee

Scott Fowler, Illinois, Chairman

Tom Surtees, Alabama, Vice Chairman

Resolutions Committee

Bruce Stevens, Indiana, Chairman

John Caudle, Texas, Vice Chairman

Awards Committee

Lanny Erdos, Ohio, Chairman

Kevin Mohammadi, Missouri, Vice Chairman

(Members of the 2012 Awards Committee: Ohio, Missouri, Pennsylvania, North Carolina and Wyoming)

Legal Advisor

Sharon Pigeon, Virginia

Minerals Education Work Group

Stacy Barnett, Oklahoma, Chairman

Yearly Commission Meetings

2011 Annual Meeting — Wheeling, West Virginia

The 2011 Annual Meeting was held at The Oglebay Lodge in Wheeling, West Virginia from April 3 - 6, 2011. The following member states were in attendance: Alabama, Alaska, Arkansas, Colorado, Illinois, Indiana, Kentucky, Louisiana, Maryland, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Utah, Virginia, and West Virginia. Attendees included approximately 37 persons consisting of IMCC members, other state representatives, federal officials, and industry representatives. The meeting was highlighted by a general session, committee meetings, the annual commission business meeting, social receptions, and the annual awards banquet.

The meeting began with welcome remarks by Randy Huffman, Cabinet Secretary of the West Virginia Department of Environmental Protection who opened the General Session on April 4. Speakers and topics covered during the session included: Congressman David McKinley of the 1st District of West Virginia: “Recent Legislative Developments Concerning the Regulation of Coal Mining in Appalachia”; Kathy Benedetto, Republican Legislative Staff for the Subcommittee on Energy and Mineral Resources, House Committee on Natural Resources: “Overview of Key Mining Issues Before the 112th Congress”; Thomas L. Clarke, Director of the Division of Mining and Reclamation in the West Virginia Department of Environmental Protection: “Recent Developments re. Issuance of NPDES Permits for Bond Forfeiture Sites”; and Paul Ziemkiewicz, Director of the West Virginia Water Research Institute at West Virginia University: “Beyond AMD: Managing Water Quality Issues Associated with Conductivity, TDS and Selenium”.

An IMCC executive session was held immediately following the General Session.

IMCC’s Standing Committee meetings commenced in the late morning of April 4 (see *Activities of the Standing Committees*). In the evening attendees enjoyed a dinner buffet after which they engaged in a social time while enjoying the televised national collegiate basketball tournament finals game.

The Standing Committee meetings resumed on the morning of April 5 and continued throughout the afternoon. At a banquet that evening, the IMCC presented its 2011 National Reclamation and Minerals Education Awards. (see *Awards* section later in this report for details.)

The Commission’s annual business meeting was held on April 6. The meeting was chaired by Ed Larrimore on behalf of the Compact’s Chairman, Governor Martin O’Malley of Maryland. Subjects of action and discussion included: the Executive Director’s Report (see *Report of the Executive Director*); standing committee reports (see *Activities of the Standing Committees*); federal budget impacts and federalism policy implications for state government organizations like IMCC; and future IMCC meetings. In addition, five resolutions were adopted at the meeting and are contained in the *Resolutions* section of this Annual Report.

2011 Mid-Year Meeting – Point Clear, Alabama

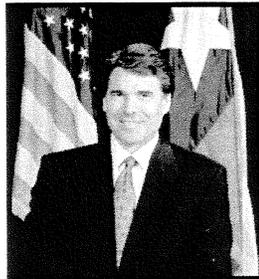
The Mid-Year Executive Commission Meeting of the IMCC was held in Point Clear, Alabama at the Marriott Grand Hotel, October 18 - 19, 2011. Eighteen of the 24 member states were in attendance. Committee meetings were held on October 18. A luncheon and a social reception were also held on October 18. Dr. George Crozier, Executive Director (Retired) of the Dauphin Island Sea Lab, was the luncheon speaker. He provided an

interesting talk about the after-effects of the April 2010 Deepwater Horizon (BP) blowout and oil spill in the Gulf of Mexico and the Mobile Bay. Committee meetings resumed the morning of October 19. They were followed by the commission's business meeting which concluded the meeting. The business meeting was chaired by Bruce Stevens on behalf of the Compact's Vice Chairman, Governor Mitchell Daniels of Indiana. Among the topics addressed at the meeting were: an Executive Director's Report (see *Report of the Executive Director*); reports from standing committees of the Compact (see *Activities of Standing Committees*); election of officers for 2012; appointment of committee chairs for 2012; IMCC's strategic plan; and future IMCC meetings. In addition, three resolutions were adopted at the meeting and are contained in the *Resolutions* section of this Annual Report.

Officers Elected for 2012



Chairman:
Governor Mitchell E. Daniels
Indiana



Vice Chairman:
Governor Rick Perry
Texas



Treasurer:
Governor Pat Quinn
Illinois

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, Lewis Halstead and his staff arranged an informative and interesting annual meeting for the Interstate Mining Compact Commission in Wheeling, West Virginia from April 3 - 6, 2011; and

WHEREAS, our hosts warmly welcomed and generously extended their Mountaineer hospitality to all attendees;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its deep appreciation to Lewis Halstead and all of the other state officials who assisted IMCC staff to assure a successful meeting.

Issued this 6th day of April, 2011

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, the Interstate Mining Compact Commission's (IMCC) Annual Meeting in Wheeling, West Virginia from April 3 - 6, 2011 was honored by the presence of Thomas L. Clarke, Director of the Division of Mining & Reclamation within the West Virginia Department of Environmental Protection; and

WHEREAS, Mr. Clarke served as the Master of Ceremonies at the Annual Awards Banquet on April 5, 2011;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its gratitude to Tom Clarke for his participation in making this year's meeting an outstanding success and for his support of IMCC.

Issued this 6th day of April 2011

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, The Interstate Mining Compact Commission's (IMCC) Annual Meeting in Wheeling, West Virginia from April 3 - 6, 2011 was honored by the presence of The Honorable Randy Huffman, Secretary of the West Virginia Department of Environmental Protection and Governor Tomblin's official representative to the Compact; and

WHEREAS, Secretary Huffman presented the Welcoming Address during the Opening Session on April 4, 2011;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its gratitude to Secretary Randy Huffman for his participation in making this year's meeting an outstanding success and for his support of IMCC.

Issued this 6th day of April, 2011

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, throughout the years the Interstate Mining Compact Commission has been privileged to hear many excellent speakers at its meetings; and

WHEREAS, it is through these speakers that the Commission is able to keep abreast of new developments, new policies, and new technology in the fields of mining and environmental protection; and

WHEREAS, the speakers who addressed the Commission's Annual Meeting on April 4, 2011 in Wheeling, West Virginia are men and women of outstanding ability in their respective fields, and the benefit of their advice and experience are a valuable contribution to the Commission; and

WHEREAS, the Commission is most appreciative of the time and effort the speakers have expended in the preparation and presentation of their remarks;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission (IMCC) expresses its sincere gratitude to

Kathy Benedetto

Thomas L. Clarke

Paul Ziemkiewicz

Issued this 6th day of April, 2011

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, The Interstate Mining Compact Commission was honored by the presence of The Honorable Joe Pizarchik, Director of the Office of Surface Mining, at its annual meeting in Wheeling, West Virginia from April 3 - 6, 2011; and

WHEREAS, Director Pizarchik and members of his staff attended and actively participated in the IMCC Environmental Affairs Committee meeting on April 4 and 5, 2011;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its gratitude to Director Pizarchik and his staff for their participation in making this year's meeting a success and for their continued involvement with IMCC on issues of mutual interest and concern.

Issued this 6th day of April, 2011

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, Michael Skates and the staff of the Alabama Department of Industrial Relations arranged an informative and interesting Mid-Year meeting for the Interstate Mining Compact Commission in Point Clear, Alabama from October 18 - 19, 2011; and

WHEREAS, our hosts warmly welcomed and generously extended their southern hospitality to all attendees;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its deep appreciation to Michael Skates and all of the other state officials who assisted IMCC staff to assure a successful meeting.

Issued this 19th day of October, 2011

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, throughout the years, the Interstate Mining Compact Commission has been privileged to hear many excellent speakers at its meetings; and

WHEREAS, it is through these speakers that the Commission is able to keep abreast of new developments, new policies, and new technology in the fields of mining and environmental protection; and

WHEREAS, the Commission is most appreciative of the time and effort Dr. George Crozier expended in the preparation and presentation of his remarks at the business luncheon on October 18, 2011 in conjunction with IMCC's Mid-Year meeting in Point Clear, Alabama;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its sincere gratitude to

Dr. George Crozier

Issued this 19th day of October, 2011

ATTEST:

Executive Director

Financial Reports

*Interstate Mining Compact Commission
Statement of Financial Position for the Year Ended June 30, 2011*

ASSETS

| | |
|-------------------------------|-------------------|
| Cash | \$ 13,765.00 |
| Investments | 400,000.00 |
| Accounts receivable | 99,023.00 |
| Prepaid expenses and deposits | 6,538.00 |
| Property and equipment, net | 1,534.00 |
| Total assets | 520,860.00 |

LIABILITIES AND NET ASSETS

| | |
|---|-------------------|
| Liabilities: | |
| Accrued vacation | 38,643.00 |
| Deferred rent | 5,316.00 |
| Total liabilities | 43,959.00 |
| Net assets: | |
| Unrestricted | 476,901.00 |
| Total net assets | 476,901.00 |
| Total liabilities and net assets | 520,860.00 |

Financial Reports

*Interstate Mining Compact Commission
Statement of Activities
For the Year Ended June 30, 2011*

| | |
|---|-----------|
| Unrestricted revenue and support | |
| Assessments | \$493,104 |
| Conferences and meetings | 15,905 |
| Interest income | 5,636 |
| Other income | 75 |
| Total revenue and support | 514,720 |
| Expenses | |
| Administrative and general | 503,118 |
| Total expenses | 503,118 |
| Change in net assets | 11,602 |
| Net assets, beginning of year | 465,299 |
| Net assets, end of year | \$476,901 |

Financial Reports

**Interstate Mining Compact Commission
Schedule of Comparison of Expenses and Budget
For the Year Ended June 30, 2011**

| Description | Government Grants | Admin. & General | Budget | Variance Over (Under) |
|-------------------------------------|----------------------|---------------------|-------------------|--------------------------|
| Salaries | – | \$296,598 | \$297,000 | \$ (402) |
| Employee benefits | – | 94,711 | 105,000 | (10,289) |
| Rent | – | 39,671 | 34,400 | 5,271 |
| Conference and meetings | – | 21,677 | 22,000 | (323) |
| Travel | – | 17,998 | 20,000 | (2,002) |
| Publications | – | 3,991 | 10,000 | (6,009) |
| Telephone | – | 7,679 | 11,000 | (3,321) |
| Auditing | – | 5,800 | 6,000 | (200) |
| Postage | – | 1,540 | 3,000 | (1,460) |
| Equipment expenses | – | 1,719 | 1,500 | 219 |
| Office supplies | – | 2,426 | 3,500 | (1,074) |
| Other expenses | – | 2,761 | 2,600 | 161 |
| Insurance | – | 2,186 | 4,500 | (2,314) |
| Printing | – | 1,265 | 1,500 | (235) |
| Registration fees/ subscriptions | – | 939 | 2,000 | (1,061) |
| Utilities | – | 1,411 | 1,500 | (89) |
| Depreciation | – | 746 | – | 746 |
| Total expenses | – | \$ 503,118 | \$ 525,500 | \$(22,382) |

Member State Permitting Data

PERMITS ISSUED AND ACRES OF LAND DISTURBED AND RECLAIMED
JANUARY 1 - DECEMBER 31, 2011 FOR COAL SURFACE MINING

| State/Enforcement Agency | # Permits Issued | # Acres Permitted | #Acres Disturbed | # Acres Reclaimed |
|--|--|---|--|--|
| Alabama Surface Mining Commission | 6 | 1,495 | N/A | 2,281 |
| Alaska Dept. of Natural Resources | 12 | 12,397 | 2,155 | 93 |
| Arkansas Dept. of Environmental Quality, Surface Mining and Reclamation Division | 7 | 689 | 536 | 15.93 |
| Colorado Division of Reclamation, Mining & Safety, Coal Program | 0 | 163,762 | 20,129 | 75 ¹ |
| Illinois Dept. of Natural Resources, Office of Mines & Minerals, Land Reclamation Division | 5 | 2,960 | 1,604 | 296 |
| Indiana Dept. of Natural Resources, Division of Reclamation | 8 | 28,684.8 ² | 3,494.10 ³ | 3,473.64 |
| Kentucky Dept. for Natural Resources, Division of Mine Reclamation and Enforcement | 653 | 105,278.83 | 246,699.41 ⁴ | 8,960.41 |
| Maryland Bureau of Mines ⁵ | 12 | 627 | 2,776 | 107 |
| Missouri Department of Natural Resources, Land Reclamation Program | 0 | 0 | 122.4 | 261.8 |
| New Mexico Energy, Minerals & Natural Res. Dept., Coal Mine Reclamation Program ⁶ | 0 | 0 | 598 | 0 |
| North Dakota Public Service Commission | 0 | 17,600 (via major revision) | 2,530 | 1,210 ⁷ |
| Ohio Dept. of Natural Resources, Division of Mineral Resources Management | 40 | 19,381.2 | 57,562.78 ⁸ | 1,829.8 ⁹ |
| Oklahoma Dept. of Mines | 2 - permits 63 - permits on IUL 20 - revisions | 23,348 | 10,507 | 1,546.10 |
| Pennsylvania Dept. of Environmental Protection | 78 | 9,896 | 8,441 | 4,456 |
| Texas Railroad Commission | 4 - new, renewals and revisions | 13,445.3 ¹⁰ | 6,820.6 ¹¹ | 5,179.3 ¹² |
| Utah Division of Oil, Gas and Mining | 0 - new 2011; 30 - total active permits | 2,877.86 - new in 2011; 135,788.67 - total of all permitted acres ¹³ | .37 - new in 2011; 3,404.87 - total of all disturbed acres | 5.95 (2011 phase III bond release) |
| Virginia Dept. of Mines, Minerals & Energy, Division of Mined Land Reclamation | 21 (5 - new; 16 - transfers) | 78,751.79 | 54,898.55; 66,734.09 (acres bonded) | 1,557.60; 30,523.49 (total reclaimed) |
| West Virginia Dept. of Environmental Protection, Division of Mining and Reclamation | 62 | 8,483 (2011); 300,186 (total) | N/A | 6,127 (2011 released Phase III) |
| Wyoming Dept. of Environmental Quality, Land Quality Division | 1 | 443,780 (total); 963 in 2011 | 150,611 (total) | 67,823 (total) |

See footnotes on following page...

¹ Acres reclaimed are those areas that were approved for final bond release.

² Surface acres 2,406.2 + underground shadow acres 26,278.6 = 28,684.8 acres.

³ Acres mined 2,493.2 + acres disturbed 1,000.90 = 3,494.10.

⁴ Includes acres disturbed on operations permitted in previous years.

⁵ Number of acres permitted is the number of acres for which bond was posted during the reporting period. Number of acres disturbed is the number of actual disturbed acres that have not been approved for phase 3 release as of 12/31/2011. Number of acres reclaimed is the number of acres for which phase 3 release was approved during the reporting period.

⁶ The numbers shown are for permitting and mining/reclamation activity taking place during the calendar year 2011. These numbers do not represent cumulative acreage. Reclaimed lands means that full bond release has been approved.

⁷ Acres reclaimed reflects the reclaimed acreage that was seeded in 2011 as reported on annual maps submitted by the mining companies.

⁸ Total bonded acres as of 12/31/2011.

⁹ Phase III acres released 1/1/2011 - 12/31/2011.

¹⁰ Total permit acreage as of 12/31/2011 (309,939.79 acres) minus total permit acreage as of 1/1/2011 (296,494.49 acres) = 13,445.3 acres.

¹¹ 3,240.8 acres mined and 3,579.8 acres non-mined disturbed = 6,820.6 acres.

¹² Phase III bond release approval (may not have been removed from permitted acreage).

¹³ In 2011 Utah allowed operators to adjust their permit areas. Some mines changed their permit area to just the area covered under bond (previously included the adjacent area) effectively reducing the permit acre totals, though Utah did not change the area the mine is responsible for.

Member State Permitting Data

PERMITS ISSUED AND ACRES OF LAND DISTURBED AND RECLAIMED
JANUARY 1 - DECEMBER 31, 2011 FOR NONCOAL SURFACE MINING

| State/Enforcement Agency | # Permits Issued | # Acres Permitted | #Acres Disturbed | # Acres Reclaimed |
|--|--|---------------------------------|------------------------------|--|
| Alabama Department of Industrial Relations, Mining and Reclamation Division ¹ | 27 (new); 350 (renewals) | 10,835 | 20,800 | 21 mines, 459 acres |
| Alaska Dept. of Natural Resources, Mining Section | 289 | 376 | 290 | 125 |
| Arkansas Dept. of Environmental Quality | 258 | 22,194.122 | 13,505.841 | 63.5 |
| Colorado Division of Reclamation, Mining and Safety, Minerals Program | 31 | 180,857 | 108,519 | 949 ² |
| Illinois Dept. of Natural Resources, Office of Mines & Minerals, Land Reclamation Division | 9 | 240 | 478 | 829 |
| Indiana Dept. of Natural Resources, Division of Reclamation | 6 | 501 | 10 (estimate) | 0 |
| Kentucky Dept. for Natural Resources, Division of Mine Reclamation and Enforcement | 60 | 18,242.87 | 21,832.30 ³ | 14.75 |
| Maryland Minerals, Oil & Gas Division ⁴ | 84 | 252.72 | 14,305.20 | 7,105.18 |
| Missouri Department of Natural Resources, Land Reclamation Program | 365 | 32,061 | 32,061 | 1,327 |
| New Mexico Energy, Minerals and Natural Resources Dept., Mining Act Reclamation Prog. ⁵ | 44 | 94 | 336 | 626 |
| New York State Dept. of Environmental Conservation, Div. of Mineral Resources | 26 (new in 2011); 2040 (total active) | 145,963 (total) ⁶ | 59,519 (total) ⁶ | 1,299 (2011); 33,628 (total) ⁶ |
| North Carolina Dept. of Environment & Natural Resources, Division of Land Resources | 866 | 54,321 | 1,201 | 1,202 |
| Ohio Dept. of Natural Resources, Division of Mineral Resources Management | 23 | 1,245.1 | 1,942.21 ⁷ | 717.2 ⁸ |
| Oklahoma Dept. of Mines | ⁹ | 133,396 | 54,521 | 1,106 |
| Pennsylvania Dept. of Environmental Protection | 86 | 1,461 | 1,813 | 269 |
| South Carolina Dept. of Health and Environmental Control | 33 | 893.3 | 347.5 | 336.6 |
| Tennessee Department of Environment and Conservation | 11 | 4,948 (under bond) | 3,761 (reported by operator) | 213 (full bond release) |
| Utah Division of Oil, Gas and Mining, Minerals Regulatory Program | 654 (total); 34 (new) | 65,940 (total); 215 (new) | 65,940 (total); 215 (new) | 791 |
| Virginia Division of Mineral Mining | 27 | 5,497.73 | 2,569.50 | 900.23 |
| West Virginia Dept. of Environmental Protection, Division of Mining and Reclamation | 4 | 208 (new); 11,462 (total) | | 0 |
| Wyoming Dept. of Environmental Quality, Land Quality Division ¹⁰ | 88 (includes small operations) | 589,890 (total); 5,024 (new) | N/A | N/A |

See footnotes on following page...

¹ The acreage disturbed does not include chert, limestone, marble or dolomite. Approximately 6,000 acres are disturbed at those mines.

² Acres reclaimed are for those areas that were approved for final bond release.

³ Includes acres disturbed on operations permitted in previous years.

⁴ Number of acres permitted is the number of acres for which bond was posted during the reporting period. Number of acres disturbed is the number of actual disturbed acres that have not been approved for phase 3 release as of 12/31/2011. Number of acres reclaimed is the number of acres for which phase 3 release was approved during the reporting period.

⁵ The majority of permits issued represent exploration (15) or general permits (24). General permits include recreational miners. Does not include sand and gravel operations. Acres reclaimed means regrading and seeding has occurred, not necessarily bond release. The numbers shown are for permitting and mining/reclamation activity taking place during calendar year 2010. These numbers do not represent cumulative acreage. Permits issued include regular and minimal impact mines, exploration permits and general permits.

⁶ Total statewide acreage figures since New York State Mined Land Reclamation Law enacted in 1975.

⁷ Noncoal mineral acres bonded 1/1/2011 - 12/31/2011.

⁸ IM-7 acres released 1/1/2011 - 12/31/2011.

⁹ Permits issued = 41 revisions = 64 transfers = 15 limited use permits issued - 34 annual reviews of permits = 530 and permits on IUL = 747.

¹⁰ Noncoal minerals includes construction materials such as sand and gravel. The noncoal category also includes small mining operations limited to 10 acres.

Member State Reclaimed Land Use Data

USE OF LAND FOLLOWING RECLAMATION (PERCENT)
JANUARY 1 - DECEMBER 31, 2011 FOR COAL SURFACE MINING

| State | Pasture | Wildlife | Forest | Commercial | Other |
|---------------------------|---|--|-------------------------|--|--------------------------------------|
| Alabama | 0 | 3 | 0 | 0 | 97 ¹ |
| Alaska | 0 | 100 | 0 | 0 | 0 |
| Arkansas | 0 | 0 | 0 | 100 | 0 |
| Illinois | 0.3 | 4.2 | 1.3 | 5.5 | 88.7 (cropland) |
| Indiana | 4 (131.3 acres) | 18 (630.7 acres) | 5 (173.6 acres) | < 1 (0.7 acres) | 73 ¹ (2,537.34 acres) |
| Kentucky | 27.6 | 51.6 | 17.1 | 1.1 | 2.6 |
| Maryland | 50 | 4 | 45 | 1 | 0 |
| Missouri | 94 | 2 | 0 | 2 | 2 |
| North Dakota | 31 | 2 | 1 | 5 | 59 (cropland); 2 (other) |
| Oklahoma | 96 | 2 | 0 | 0 | 2 (water) |
| Pennsylvania ² | 30 | 5 | 50 | 2 | 13 |
| Texas | 50 (2,574.2 acres) | 19 (997.2 acres) | 26 (1,364.8 acres) | 2 (71.8 acres) (commercial & industrial) | 3 (171.3 acres) (water resources) |
| Utah | 0 | 100 | 0 | 0 | 0 |
| Virginia | 7.58 (70.83 acres) (pasture, hayland & grazing) | 6.50 (0.70 acres) (includes fish, wildlife & wetlands) | 50.82 (475.15 acres) | 5.33 (49.79 acres) (industrial/ commercial) | 35.58 (332.67 acres) |
| West Virginia | 11 | 11 | 66 | 2 | 10 ³ |
| Wyoming | 0 | 0 | 0 | 5 | 95 (rangeland & wildlife habitat) |

¹ For coal "Other" land uses: 2,231.2 acres cropland (64%); 241.0 acres water (7%); 53.2 acres roads (2%); 11.3 acres residential (1%); 0.60 acres other (< 1%).

² Use of land estimates are based on general observations of post-mining land use.

³ The 10% is made up of 1% rangeland and the rest are combined (two or more land uses on one permit).

Member State Reclaimed Land Use Data

USE OF LAND FOLLOWING RECLAMATION (PERCENT) JANUARY 1 - DECEMBER 31, 2011 FOR NONCOAL SURFACE MINING

| State | Pasture | Wildlife | Forest | Commercial | Other |
|-----------------------------|-----------------------|---------------------|------------------|-------------------|------------------------------------|
| Alabama | 57 | 2 | 38 | 1 | 2 |
| Alaska | 0 | 100 | 0 | 0 | 0 |
| Arkansas | 27.5 | 63 | 0 | 0 | 9.5 (ponds) |
| Illinois | 55 | 0 | 0 | 8 | 37 (cropland) |
| Indiana | 3.2 (15.9 acres) | 53.2 (266.55 acres) | < 1 (2.14 acres) | 0 | ¹ |
| Kentucky | 70 | 1.7 | 15 | 3.3 | 10 |
| Maryland | 60 | 10 | 5 | 20 | 0 |
| Missouri | 12 | 38 | 0 | 32 | 18 |
| New Mexico ² | 10 | 70 | 0 | 10 | 0 |
| New York | 1 | 70 | 0 | 4 | 25 ³ |
| North Carolina ⁴ | N/A | N/A | N/A | N/A | 100 |
| Oklahoma | 83 | 0 | 0 | 13 | 2 |
| Pennsylvania ⁵ | 10 | 5 | 10 | 15 | 60 |
| South Carolina | 45.3 (152.3 acres) | 0 | 1 (3.5 acres) | 6 (20.1 acres) | 47.7 (160.1 acres) ⁶ |
| Tennessee | 105 acres | 0 | 53 acres | 10 acres | 45 acres |
| Utah | 0 | 100 (791 acres) | 0 | 0 | 0 |
| Virginia | 33 | 54 | 10 | 2 | 1 |
| West Virginia | 12.5 | 25 | 12.5 | 25 | 25 ⁷ |
| Wyoming | 0 | 0 | 0 | 0 | 98 |

¹ Clay/Shale only: 24.44 acres cropland (4.9%), 191.9 acres water (38.3%), 0.07 acre road (< 1%).

² The percentages for Use of Land Following Reclamation are for mined lands reclaimed in 2010.

³ Includes 16% agricultural farmland, 9% wetland/lake.

⁴ North Carolina Department of Natural Resources, Division of Land Resources does not collect post mining land use information.

⁵ Land use percentages are estimates based on observations.

⁶ 160.1 acres reclaimed as lakes or ponds.

⁷ "Other" = 10% rangeland and the rest are combined (two or more land uses on one permit)

2011 Kenes C. Bowling Reclamation Award Winners

2011 Winners

The following companies were winners of the Compact's 2011 national reclamation awards and were presented with plaques at the 2011 awards banquet:

Coal Category Winner:

Patriot Coal Company, LP – Patriot Surface Mine (Kentucky)

Noncoal Category Winner:

Frozen Ropes Baseball Company – Frozen Ropes Sports Park (New York)

2011 Honorable Mention Recipient

The following company received recognition as honorable mention in the Compact's reclamation awards program and was presented with a certificate at the 2011 awards banquet:

Coal Category:

Vigo Coal Operating Company, Inc. – Friendship Mine (Illinois)

2011 Minerals Education Award Winners

2011 Winners

The following were winners of the Compact's annual minerals education awards, which were presented during the awards banquet held in conjunction with the 2011 Annual Meeting in Wheeling, West Virginia. The mining educator awareness award is presented to a teacher or school from one of the Compact's member states. The winner receives an engraved plaque and a \$500 award to go toward teaching materials. The public outreach award is presented to an industry, environmental, citizen, or other group from one of the Compact's member states, or to a member state government body. The public outreach award winner is presented with an engraved plaque of recognition.

Mining Educator Awareness Category Winner:

No award was presented in this category for 2011

Public Outreach Category Winner:

Alaska Resource Education (Alaska)

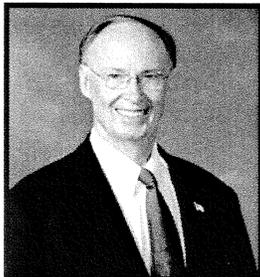
2011 Honorable Mention Recipient

Public Outreach Category Winner:

Lignite Energy Council (North Dakota)

2011 IMCC Membership

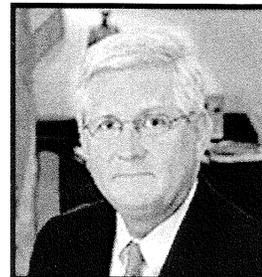
Commissioner



Governor
Robert J. Bentley

Alabama

Commissioner's Official Representative



G. Thomas Surtees
Director
Department of
Industrial Relations



Governor
Mike Beebe

Arkansas

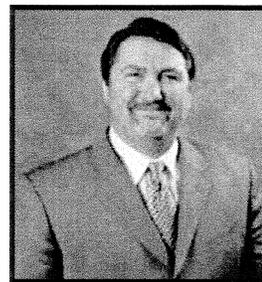


James F. Stephens
Chief
Surface Mining and
Reclamation Division



Governor
Pat Quinn

Illinois



Marc Miller
Director
Department of
Natural Resources

Commissioner



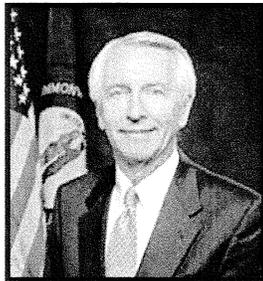
Governor
Mitchell E. Daniels, Jr.

Indiana

**Commissioner's Official
Representative**



Ron McAhron
Deputy Director
Department of
Natural Resources

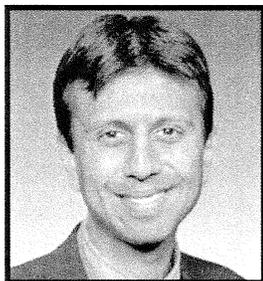


Governor
Steven L. Beshear

Kentucky

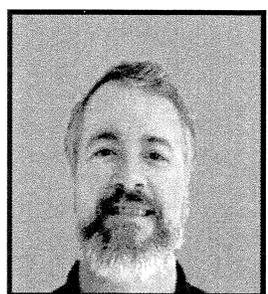


Dr. Leonard K. Peters
Secretary
Energy & Environment
Cabinet



Governor
Bobby Jindal

Louisiana



Dale Bergquist
Chief, Surface Mining
Section
Office of Conservation

Commissioner



Governor
Martin O'Malley

Maryland

**Commissioner's Official
Representative**



C. Edmon Larrimore
Administrator
Water Management
Administration



Governor
Jay Nixon

Missouri



Sara Parker Pauley
Director
Department of
Natural Resources



Governor
Andrew Cuomo

New York

**Photo
Not
Available**

Vacant

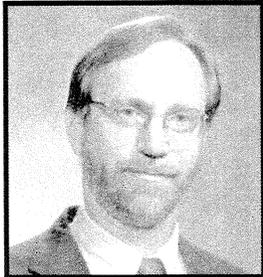
Commissioner



Governor
Beverly Eaves Perdue

North Carolina

**Commissioner's Official
Representative**



James D. Simons
State Geologist & Director
Department of
Environment and
Natural Resources



Governor
Jack Dalrymple

North Dakota

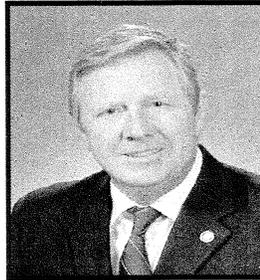


James R. Deusch
Director
Reclamation Division
Public Service Commission



Governor
John R. Kasich

Ohio



Jim Zehringer
Director
Department of Natural
Resources

Commissioner



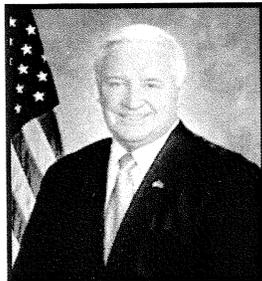
Governor
Mary Fallin

Oklahoma

**Commissioner's Official
Representative**

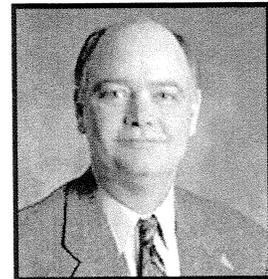


Robert A. Wegener
Secretary of Energy



Governor
Tom Corbett

Pennsylvania

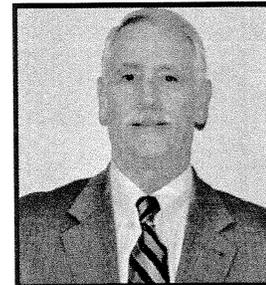


J. Scott Roberts
Deputy Secretary
Department of
Environmental Protection



Governor
Nikki Haley

South Carolina

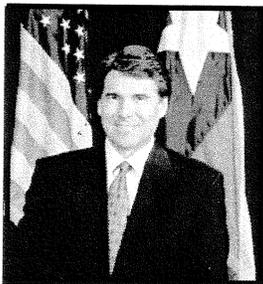


R. Craig Kennedy
South Carolina
Mining Council

Commissioner



Governor
Bill Haslam



Governor
Rick Perry



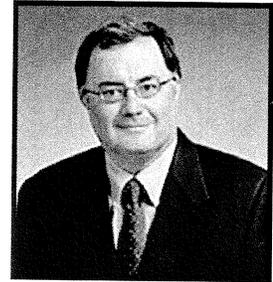
Governor
Robert F. McDonnell

Tennessee

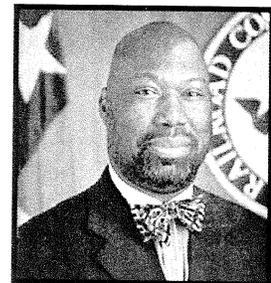
Texas

Virginia

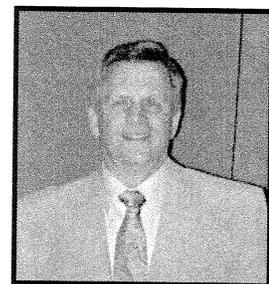
**Commissioner's Official
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Robert J. Martineau, Jr.
Commissioner
Department of
Environment and
Conservation

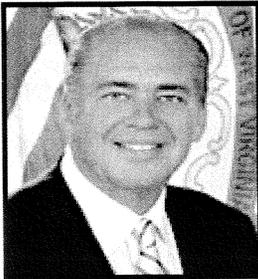


Michael L. Williams
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Railroad Commission
of Texas



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Lambert
Deputy Director
Department of Mines,
Minerals and Energy

Commissioner



Governor
Earl Ray Tomblin

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Randy Huffman
Cabinet Secretary
Department of
Environmental Protection

2011 Associate Member States

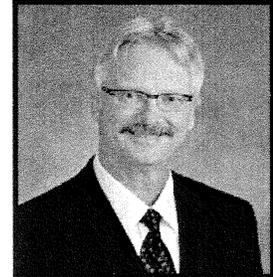
Commissioner

Commissioner's Official Representative

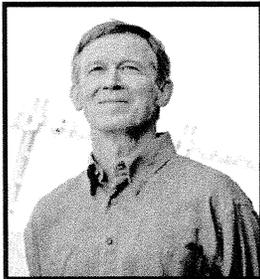


Governor
Sean Parnell

Alaska

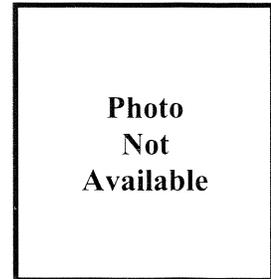


Ed Fogels
Deputy Commissioner
Department of
Natural Resources



Governor
John Hickenlooper

Colorado

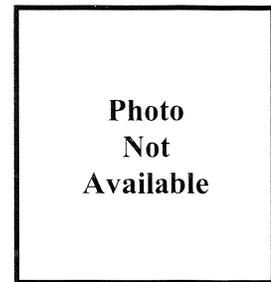


Loretta Pineda
Director, Div. of
Reclamation, Mining &
Safety, Dept. of Natural
Resources



Governor
Susana Martinez

New Mexico



Vacant

Commissioner



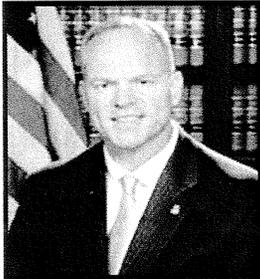
Governor
Gary R. Herbert

Utah

**Commissioner's Official
Representative**



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Director
Division of Oil, Gas &
Mining



Governor
Matt Mead

Wyoming



John Corra
Director
Department of
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2012 Commissioners and Their Representatives

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Governor Rick Perry – Vice Chairman

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 Chief
 Surface Mining and
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 Environmental Quality

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 Deputy Director
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 Director
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New York

Vacant

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 Division of Land Resources
 Department of Environment
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 Director, Reclamation
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David Mustine
 Director
 Department of Natural
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 Secretary of Energy

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John F. Stefanko
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 Department of Mines, Minerals
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 Utah Division of Oil, Gas &
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Wyoming

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 Department of Environmental
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Website: www.imcc.isa.us

Serving the States In the 21st Century: Strategies for Action

Revised 2012

Gregory E. Conrad, Executive Director
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***WHAT IS THE INTERSTATE MINING
COMPACT COMMISSION?***

The Interstate Mining Compact Commission (IMCC) is a multi-state governmental organization representing the natural resource and environmental protection interests of its member states. The Compact was established in April of 1971 following eight years of discussion and developmental action by a group of interested mining states under the auspices of the Southern Governors Conference. The Compact presently consists of 19 member states and 5 associate member states with representation from throughout the country, all of whom have significant interests in the mining of both coal and noncoal minerals.

Participation in the Compact is gained through the enactment of legislation by the states authorizing their entry into the Compact. The states are represented by their respective Governors who serve as Commissioners. The Compact acts through several committees that have responsibility for particular subject matter or policy areas including: Environmental Affairs, Mine Safety and Health, Abandoned Mine Lands, Minerals Education, Resolutions and Finance. The Governors are represented on these committees by duly appointed delegates from their respective states.

The Compact's purposes are to advance the protection and restoration of land, water and other resources affected by mining through the encouragement of programs in each of the party states that will achieve comparable results in protecting, conserving and improving the usefulness of natural resources and to assist in achieving and maintaining an efficient, productive and economically viable mining industry.

Among the Compact's powers are the study of mining operations, processes and techniques; the study of conservation, adaptation, improvement and restoration of land and related resources affected by mining; the gathering and dissemination of information; making recommendations; and cooperating with the federal government and any public or private entities having an interest in any subject within the purview of the Compact.

The IMCC was founded on the premise that the mining industry is one of the most basic and important to the Nation. Our manufacturing activities, transportation systems, and the comfort of our homes depend on the products of mining. At the same time, it is essential that an appropriate

balance be struck between the need for minerals and the protection of the environment. We recognize that individual states have the power to establish and maintain programs of land and other resource development, restoration and regulation appropriate to cope with the surface effects of mining. The IMCC would not shift responsibility for such programs. On the other hand, our member states believe a united position in dealing with the federal government affords us a decided advantage. Our commission feels strongly that the collective voice of many is important in our efforts to preserve and advocate states' rights.

The IMCC provides several meaningful and critical benefits and services that greatly assist the states in their efforts to promote development of their abundant mineral resources while assuring adequate protection of the environment. In particular, the Compact provides opportunities and forums for interstate action and communication on issues of concern to member states. The Compact is actively engaged in a variety of state/federal partnerships and programs under the auspices of such statutes as the Surface Mining Control and Reclamation Act (SMCRA), the Mine Safety and Health Act, the Resource Conservation and Recovery Act (RCRA), the Federal Water Pollution Control Act and the Federal Land Policy and Management Act (FLPMA). On the coal side, the IMCC deals extensively with the federal Office of Surface Mining (OSM) on such issues as federal oversight of state regulatory programs, state program grants under Titles IV and V of SMCRA, administration of the Abandoned Mine Land (AML) program, and other significant OSM rulemakings. We work extensively with the U.S. Environmental Protection Agency (EPA) on such matters as mine placement of coal combustion wastes under subtitle D of the Resource Conservation and Recovery Act (RCRA), financial responsibility requirements under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), and water quality requirements associated with active mining and re-mining operations.

The IMCC also undertakes studies on behalf of the states, as evidenced by our regularly updated report on the Regulation of Non-Coal Mineral Resources in the U.S.

The Compact also is active in recognizing the accomplishments of the industry that we regulate. Each year, the Compact presents a national reclamation award in both the coal and non-coal categories. We believe such a program highlights the positive work that the industry and the states together are doing in the way of environmental protection.

IMCC's Education Work Group has published a nationally recognized educational poster regarding mine land reclamation and conducted several teacher training workshops. IMCC also presents annual Mineral Education Awards in the mineral educator awareness and public outreach categories to recognize the valuable work being accomplished by teachers and others to advance the knowledge of the public concerning the importance of minerals to our society.

Over the years the IMCC has become an organization of national scope serving as the spokesperson for the mining states in Washington, D.C. It strives to effectively represent the interests of the mining states in their dealings with Capitol Hill and the executive agencies in an effort to articulate the concerns and recommendations of the states in their role as primary regulators of mining activities within their borders.

INTRODUCTION

During 1995, as the IMCC reflected upon 25 years of progress and anticipated the next generation of service to the states, the Commission formulated a strategic plan to carry it into the 21st century. Following an examination of the nature, functions and activities of the organization, the Commission identified the critical issues or areas that should be the focus of the IMCC in the future, based on an updated and enhanced vision statement and set of goals. The Commission also found that the basic purposes and functions of the IMCC, as set forth in its governing document (the "Compact"), continue to be sound and effective.

This strategic plan was updated and revised by the Interstate Mining Compact Commission (IMCC) at its annual meeting in Asheville, North Carolina on May 2, 2012.

VISION

The Interstate Mining Compact Commission will be an advocate for the member states and will serve the states through information exchange, effective communication, benchmarking initiatives, liaison with the federal government and others, and educational outreach in an effort to assist the states in fulfilling the dual responsibilities of assuring development of their abundant and strategically important natural resources while protecting and improving the environment.

GOAL:

The Interstate Mining Compact Commission (IMCC) will improve methods for communication with and information exchange among the member states (and state government organizations) to enhance state regulatory program implementation.

STRATEGIES FOR ACTION:

- Publish e-newsletters each year.
- Prepare and distribute minutes of all commission and standing committee meetings.
- Prepare and distribute e-memos on a regular basis regarding topics of interest and concern for the member states.
- Pursue development of e-alerts/issue tracking system to be included on IMCC website or sent electronically..
- Hold benchmarking workshop/roundtable discussion.
- Hold national/regional state forum, with a focus on noncoal topics.
- Update IMCC website on a monthly basis.
- Hold conference calls as necessary to brief the member states and seek input on critical, time-sensitive issues.

- Initiate and follow through with special studies on topics of interest identified by the member states.
 - Publish the annual report of the Compact.
 - Update membership directory regularly on IMCC website.
 - Pursue opportunities to advance the goals and objectives of the Compact by establishing partnerships and coordinating activities with like-minded state government organizations, including the National Association of Abandoned Mine Land Programs; the Western Interstate Energy Board; the Western Governors association the National Association of State Mine Inspection Agencies; the American Association of State Geologists; the Association of State and Territorial Solid Waste Management Officials; the Environmental Council of the States; the National Association of State Land Reclamationists; and the National Governors Association.
-

MEASURES:

- Number of communications distributed, including at least two e-newsletters and six e-memos each year.
 - Number of partnerships maintained or entered into with other agencies/organizations.
 - At least one joint meeting per year with like-minded agencies/organizations
 - Track participation by member states in meetings and conference calls.
 - Hold at least two interactive workshops or roundtables each year (e.g. benchmarking or regional).
-

GOAL:

The Interstate Mining Compact Commission (IMCC) will enhance existing working relationships with federal government agencies and Congress to effectively communicate state positions on key issues and to foster partnerships.

STRATEGIES FOR ACTION:

- Meet regularly with congressional staff from the committees of jurisdiction (House Natural Resources; Senate Energy and Natural Resources) and the appropriations committees in the House and Senate to discuss IMCC concerns, ideally with IMCC member state representatives.
- Communicate on a regular basis with congressional staff via phone and e-mail regarding issues of concern.
- Meet regularly with appropriate agency staff from the Mine Safety and Health Administration and the U.S. Department of the Interior and/or its various bureaus to discuss issues of concern to the member states, ideally with IMCC member state representatives.
- Meet when necessary with appropriate agency staff from the U.S. Environmental Protection Agency and the U.S. Army Corps of Engineers to discuss issues of concern to the member states, ideally with IMCC member state representatives.
- Communicate on a regular basis with federal agency personnel via phone and e-mail to pursue issues of concern to the member states.

MEASURES:

- Number of contacts and types made with congressional staff (including at least two meetings/briefings).
 - Number of contacts and types made with other federal agencies (including at least two meetings).
 - Executive Director develops and distributes concise IMCC resolutions and/or position papers on emerging issues and legislation to key state and federal decision-makers in advance of congressional or federal agency actions/initiatives.
-

GOAL:

The Interstate Mining Compact Commission will advance the organizational, institutional, financial and administrative integrity of IMCC, pursue additional member states and retain existing member states.

STRATEGIES FOR ACTION:

- Meet with potential new member states. Follow up with phone calls and e-mails.
- Meet with each associate member state to discuss Compact legislation for bringing the state into the Compact as a full member. Perform all necessary follow up research and information to facilitate membership.
- Contact each current full member state regarding status of Compact membership.
- Work toward the membership of all major mineral-producing states in the Compact.
- Conduct annual audit.
- Meet with IMCC Finance and Administrative Committee to review financial condition, compensation and benefits programs and strategic plan.
- Review all benefit programs annually.
- Evaluate internal administrative processes for potential improvement.
- Pursue opportunities to leverage funding from federal government sources to support Compact goals and objectives and advance state regulatory programs and state/federal partnerships.
- Develop and distribute a survey to the member states to identify and improve Compact services and operations.

MEASURES:

- Number of funding opportunities obtained.
 - Perform survey every two years and distribute results.
 - Add at least one full member states every five years.
 - Meet with IMCC Finance and Administrative Committee at least two times in person, via e-mail or via conference call per year.
-

INTERSTATE MINING COMPACT COMMISSION

ANNUAL REPORT 2010



Executive Director's Message

It is my pleasure to submit to you the Commission's annual report for 2010. As IMCC completed 40 years of service to the states in 2010, the organization continued to be recognized for its effective representation of the states concerning mineral development and associated environmental protection issues in our Nation's capitol. IMCC was called upon to testify before the U.S. Congress on several occasions to present the views and concerns of the states on issues such as restoration of abandoned mine lands, regulation of active mining operations, protection of miners' health and safety and funding for states to implement programs addressing each of these areas. IMCC also engaged with several federal agencies on regulatory proposals dealing with mine placement of coal combustion residues, financial responsibility for hardrock mining sites, certification of miners and oversight of state regulatory programs.

IMCC continued to coordinate its efforts with other state government organizations such as the National Association of Abandoned Mine Land Programs, the Association of State and Territorial Solid Waste Administrators, and the Western Governors Association on issues of mutual concern. IMCC also interacted with industry and environmental organizations to provide state perspectives on many of the issues mentioned above. Through these coordination and facilitation efforts, IMCC insures that the states have a strong and concerted voice in the ongoing debate concerning national mineral policy and energy security.

The year 2010 will be remembered as one of the busiest and most productive for IMCC and its member states as we continued to work with both a new Administration and a new Congress. Through the commitment and active participation of each member state, IMCC remains well positioned to advocate for our interests in Washington, DC and to provide much needed support among the member states.

I encourage all of the states to continue their active support of the Compact as we strive to advance the protection of our natural resources while maintaining an efficient and productive mining industry.

Gregory E. Conrad
Executive Director
Interstate Mining Compact Commission

**2010 Annual Report
of the
Interstate Mining Compact Commission**

Gregory E. Conrad
Executive Director

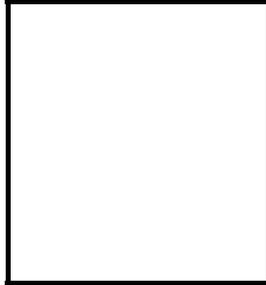
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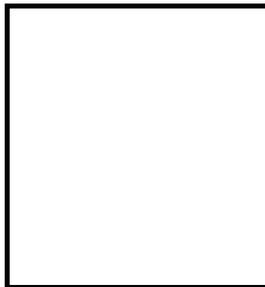
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2010 Officers



Governor David A. Paterson
New York — Chairman



Vacant



Governor Martin O'Malley
Maryland — Treasurer

History and Purpose of the Compact

The Southern Governors' Conference Meeting in San Antonio, Texas in 1964 recognized and came to grips with the problems of surface mining. Governor Edward R. Breathitt of Kentucky and Governor Bellmon of Oklahoma sponsored a resolution which in part read: "Whereas the Council of State Governments sponsored an interstate conference, in which surface mining problems of the states were reviewed, and whereas such conference underlined the desirability of action by industry to utilize techniques designed to minimize waste of our natural resources and the desirability of action by the states to assure adherence to sound standards and procedures by the mining industry: Now, therefore, be it resolved by the Southern Governors' Conference that the Council of State Governments be requested to assist representatives of the states in which surface mining takes place in exploring the possible role of interstate action, through Compact and otherwise, in this field."

The Interstate Mining Compact Commission (IMCC) was thus conceived and Kentucky became its first member followed by Pennsylvania and North Carolina. With the entry of Oklahoma in 1971, the Compact was declared to be in existence and operational. In February 1972, permanent headquarters were established in Lexington, Kentucky and an executive director was retained. Since that time, twenty additional states — West Virginia, South Carolina, Maryland, Tennessee, Indiana, Illinois, Texas, Alabama, Virginia, Ohio, Louisiana, Arkansas, New Mexico, Missouri, New York, North Dakota, Utah, Wyoming, Alaska and Colorado — have become members. New Mexico withdrew from the Compact in 1991 as a full member but rejoined as an associate member in 2000. New York joined the Compact as its first associate member state in 1994. Since then the following states have also joined as associate members: North Dakota (2000), Utah (2004), Wyoming (2005), Alaska (2006), and Colorado (2007). New York and North Dakota are now full members.

The Mining Compact is designed to be advisory, not regulatory in nature, and its defined purposes are to:

- ▶ Advance the protection and restoration of the land, water, and other resources, affected by mining;
- ▶ Assist in the reduction or elimination or counteracting of pollution or deterioration of land, water, and air attributable to mining;
- ▶ Encourage (with due recognition of relevant regional, physical, and other differences) programs in each of the party states which will achieve comparable results in protecting, conserving, and improving the usefulness of natural resources, to the end that the most desirable conduct of mining and related operations may be universally facilitated;
- ▶ Assist the party states in their efforts to facilitate the use of land and other resources affected by mining, so that such may be consistent with sound land use, public health, and public safety, and to this end study and recommend, wherever desirable, techniques for the improvement, restoration, or protection of such land and other resources; and
- ▶ Assist in achieving and maintaining an efficient and productive mining industry and increasing economic and other benefits attributable to mining.

Report of the Executive Director

The year 2010 marked forty years of service to the states for the Interstate Mining Compact Commission (IMCC). Over the course of those years, the organization has strived to represent the interests of its member states concerning the development of their rich natural resources, particularly fuel and non-fuel minerals, in a manner that insures the protection of the environment, the safety of our Nation's miners and the protection of public health and safety. The past year was particularly eventful for the Compact as we continued to engage with a new Administration in Washington, DC and as the political winds portended a change in Congress. With control in the House shifting to the Republican party in the historic election of November 2, new alignments in leadership were the order of the day and IMCC began preparations for what promised to be an active year of legislative business in 2011.

The focus early in the year revolved, as usual, around the budget and appropriations process. Following meetings with Office of Surface Mining (OSM) Director Joe Pizarchik on February 26 to discuss the process for rolling out the agency's proposed budget for Fiscal Year (FY) 2011, IMCC arranged for and facilitated a conference call between OSM and the member states of both IMCC and the National Association of Abandoned Mine Land Programs (NAAML) on March 3. IMCC was invited to testify at a hearing on OSM's FY 2011 budget before the Interior Subcommittee of the House Appropriations Committee on March 25, with Butch Lambert of the Virginia Department of Mines, Minerals and Energy serving as IMCC's witness. IMCC also submitted a statement for the record on March 19 with the Interior Subcommittee of the Senate Appropriations Committee regarding OSM's budget request. In both of these statements, IMCC made a strong case for continued funding (at FY 2010 levels or above) for state grants under Title V (active mining) and Title IV (abandoned mine land program) of the Surface Mining Control and Reclamation Act of 1977 (SMCRA).

IMCC also submitted a lengthy list of questions to Congressional staff of the House and Senate Appropriations Committees and committees of jurisdiction (Senate Energy and Natural Resources and House Natural Resources) for use in oversight hearings held by these various committees regarding both the Interior Department's and OSM's budget requests. Briefings were also held with both majority and minority congressional staff regarding OSM's FY 2011 budget request on March 5 (House and Senate Interior Appropriations Subcommittees) and on March 25 (Senate Energy and Natural Resources Committee and House Energy and Mineral Resources Subcommittee). Also on the appropriations/budget front, IMCC submitted statements to the Labor, Health and Human Services, Education and Related Agencies Subcommittees of the House and Senate Appropriations Committees on March 18 concerning the FY 2011 budget request for the Mine Safety and Health Administration (MSHA) within the U.S. Department of Labor.

Later in the year, on July 18, IMCC held meetings with the staff of the House and Senate Interior Appropriations Subcommittees to discuss the status of the FY 2011 appropriations bill for the Interior Department, as well as a reprogramming request by OSM in which the agency proposed to move \$5.9 million from state Title V regulatory grants for use by the agency to develop an environmental impact statement for its soon-to-be-proposed rule on stream protection. On July 19, IMCC, together with the Western Interstate Energy Board (WIEB), submitted a letter to the Appropriations Committees articulating the states' concerns with the reprogramming request. Throughout the year, IMCC also engaged in regular contacts with congressional staff concerning the elimination of the abandoned mine land (AML) emergency program under Title IV of SMCRA and advocating additional funding for this vital program. IMCC, together with the NAAML, also submitted a letter on May 10 to Secretary of

the Interior Ken Salazar concerning the elimination of funding for the AML emergency program.

On April 1, I testified on behalf of our organization and the NAAMLPLP at a hearing held by the Public Lands and Forests Subcommittee of the Senate Energy and Natural Resources Committee concerning S. 2830, a bill to amend SMCRA to provide for the use of prior balance replacement funds (unappropriated state share moneys under Title IV of SMCRA) for noncoal AML reclamation projects. In addition to supporting the bill, IMCC and NAAMLPLP advocated for an amendment to allow the use of these funds for the acid mine drainage (AMD) set-aside program under SMCRA. In the end, the Senate Energy and Natural Resources Committee favorably reported the bill, along with our suggested amendment, on June 25. IMCC and NAAMLPLP also testified at a hearing held by the Energy and Mineral Resources Subcommittee of the House Natural Resources Committee on September 23 concerning H.R. 4817, a companion bill to S. 2830. Loretta Pineda of the Colorado Department of Natural Resources served as the IMCC/NAAMLPLP witness.

In a related matter, IMCC submitted a statement for the record of a legislative hearing held by the Energy and Mineral Resources Subcommittee of the House Natural Resources Committee on June 25 concerning H.R. 5479, a bill to amend SMCRA to allow certain moneys in the AML Trust Fund to pay for shortfalls in the United Mine Workers Combined Benefit Pension Fund. IMCC also attended a markup of the bill on July 22, at which the bill was favorably passed out of Committee.

The IMCC Mine Safety and Health Committee met via conference call on several occasions to review and develop recommendations concerning legislation that would amend the Mine Safety and Health Act of 1977, as amended by the MINER Act of 2006. H.R. 5563 was introduced by House Education and Labor Committee Chairman George Miller on July 1 and was preceded by several draft bills on

which IMCC submitted comments upon request by the Committee. Conference calls were held on May 26, June 11, July 8 and July 22. A letter was submitted to the Committee on July 12 that articulated IMCC's position on those provisions in the bill that were of most concern to the states (primarily requirements related to certification of miners). Prior to the development of the letter, IMCC conducted a survey of the states regarding their existing certification requirements. IMCC also conducted a survey of the states later in the year on behalf of the House Education and Labor Committee regarding subpoena powers possessed by the states pursuant to state laws and rules in the area of mine safety and health.

Pursuant to a request by Senator James Inhofe, Ranking Member of the Senate Environment and Public Works Committee, IMCC reviewed draft legislation that would curtail mountaintop mining operations and the associated use of valley fills. A conference call of interested and affected states was facilitated by IMCC on June 23 to discuss the draft legislation and following the call, a letter was submitted to Senator Inhofe on July 8 reflecting the states' reactions to the draft.

As has been our custom over the years, IMCC spent considerable time working with the Office of Surface Mining within the U.S. Department of the Interior in a continued attempt to collaboratively address issues of mutual concern, while preserving the state primacy approach embodied in SMCRA. Of utmost importance during the year was OSM's oversight improvement actions initiative, which grew out of a June 2009 Memorandum of Agreement between Interior, the U.S. Environmental Protection Agency and the U.S. Army Corps of Engineers. Although supposedly focused on mountaintop mining operations in Appalachia, several initiatives under the MOU had nationwide implications, especially for the states – including federal oversight of state regulatory programs and a proposed rulemaking on stream protection.

IMCC met with OSM Director Pizarchik on January 19 and submitted extensive comments

regarding the agency's proposed oversight improvement actions. IMCC facilitated a conference call with OSM on March 9 to receive an update on OSM's oversight initiative. An additional conference call of IMCC member states was held on March 22 to discuss state strategies with respect to the OSM oversight initiative. IMCC submitted additional comments on three specific draft documents under OSM's initiative on July 8 concerning off-site impacts, outreach and inspection methodology. Additional meetings were held with OSM Director Pizarchik to discuss the initiative and other pending issues affecting the states on May 19 and August 18. IMCC also helped to coordinate and facilitate a meeting of OSM and state officials to discuss the topic of federal oversight of permit defects in primacy states on September 28 in St. Louis. As the year drew to a close, IMCC was working with the states to develop comments on three, revised oversight directives that were released in early November: INE-35 on permit defects; REG-23 on corrective actions; and REG-8 on federal oversight procedures. Conference calls were held on December 1 and 15 to discuss and prepare these comments.

In a somewhat related development (with respect to data and information that may be used in the oversight process), IMCC helped to coordinate and facilitate a meeting of state and federal agency personnel to discuss the development of a geospatial database for surface coal mine permits, including a pilot project for testing the database. The meeting was held from August 2 – 5 in Charleston, WV. Conference calls were held on May 10, May 26, and July 27 to prepare for the meeting. A meeting of key parties involved with the initiative was also held on June 30 and July 1 in Pittsburgh. A follow up conference call was held on September 30.

Another key initiative growing out of the June 2009 MOU was the development of a proposed rule on stream protection and an accompanying environmental impact statement (EIS). A conference call of the IMCC Environmental Affairs Committee (Coal Section)

and the Abandoned Mine Lands Committee was held on February 25 to discuss recent developments with respect to OSM's proposed rule and EPA's water quality requirements for coal mines. IMCC coordinated and participated in outreach meetings held by OSM concerning its stream protection rule on May 3 and 4 in Washington, DC. During those same two days, IMCC held a conference call with interested and affected states to brief them and gather input for comments as part of OSM's scoping effort. IMCC submitted a letter to Assistant Secretary Wilma Lewis on May 14 requesting a meeting to discuss the rule, as well as other state concerns, including oversight, potential proposed rules on mine placement of coal combustion residues, AML legislation and budget impacts for the states. IMCC submitted written comments on May 26 concerning OSM's notice of intent to prepare an EIS on the rule. Several IMCC member states are participating as cooperating agencies in the development of the EIS and IMCC has assisted with facilitating conference calls among these states to discuss the EIS process and comments on draft chapters of the EIS. Calls were held on September 14 and November 9.

IMCC has also monitored development of a proposed rule by OSM regarding mine placement of coal combustion residues (CCRs). In addition to the letter to Assistant Secretary Lewis mentioned above, IMCC discussed the issue on various occasions throughout the year with OSM at either IMCC meetings or at OSM/State meetings. In a related matter, IMCC facilitated a conference call with the member states on May 6 to brief them on a proposed rule announced by EPA on May 4 concerning the regulation of CCRs from electric utilities. Given the interaction between this rule and OSM's anticipated rule, IMCC held a conference call of the member states on September 8 to decide whether and to what extent IMCC should comment on EPA's proposed rule. IMCC requested an extension of the comment period on EPA's rule via letter of August 10. Extensive written comments were submitted to EPA concerning the agency's proposed rule on November 19. IMCC also submitted comments to

EPA on August 3 regarding a proposed rule identifying certain non-hazardous secondary materials that are considered to be “solid waste” under the Resource Conservation and Recovery Act (RCRA), including coal refuse. In a related matter, I presented a paper and powerpoint presentation on “Recent Legislative and Regulatory Developments re the Use of Coal Combustion Products in Mine Reclamation” at an Electric Utility Consultants, Inc. (EUCI) Conference on March 29 in Houston that was focused on “The Future of Coal Combustion Products: Regulatory, Legal, Technical and New Markets.” In preparation for this presentation, I met with staff at the Pennsylvania Department of Environmental Protection in Harrisburg on February 22.

In other OSM-related matters, IMCC continued its active involvement as a member of OSM’s National Technology Transfer Team. Conference calls were held on January 21, March 9, April 7, May 25, June 22, July 15, August 19, September 29 and November 10. IMCC also continues to play a lead role with regard to the work of the Acid Drainage Technology Initiative (ADTI). Nick Schaer of West Virginia is now IMCC’s representative on the ADTI Operations Committee and Coal Sector. IMCC also served on a Steering Committee regarding the development of an interactive forum sponsored by OSM on “Protecting Bats at Coal Mines”. IMCC coordinated a panel presentation by several state representatives regarding their progress in utilizing guidelines for Indiana Bat protection and enhancement plans. Conference calls of the Steering Committee were held on January 11, April 1 and July 27. The forum was held in Charleston, WV from August 31 – September 3. In addition to facilitating the panel presentation, I also presented a paper that provided an overview of the results from a survey conducted by IMCC concerning the states’ utilization of the Indiana Bat guidelines. IMCC also participates as a member of the steering committee for the implementation of the Indiana Bat guideline document. Conference calls of the steering committee were held on November 16 and December 2.

IMCC also helped to coordinate and facilitate the Appalachian regional OSM/States meeting held from June 28 – 30 in Pittsburgh, at which several regulatory, technical and policy issues were discussed. IMCC also participated in the Western regional OSM/States meeting held from June 14 – 16 in Salt Lake City, UT. IMCC also attended and provided an update on legislative and regulatory developments at the annual meeting of the Appalachian Technology Transfer Team in Pipestem, WV on August 31.

IMCC was also active throughout the year on issues impacting the noncoal/hardrock sector of the states’ regulatory world. Of key importance was the development by EPA of a proposed rule under Section 108(b) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) regarding financial responsibility requirements for the hardrock mining sector. A conference call of interested and affected states was held with EPA on July 7 to discuss the status of the rulemaking. Following that meeting, IMCC sent a letter to EPA on July 15 articulating our concerns with the rule development process and the proposed rule. A follow up phone call between IMCC and EPA staff concerning the letter was held on July 20, at which time plans were made for a face-to-face meeting between EPA and the states. That meeting, which was facilitated by IMCC, was held on August 26 and 27 in Denver, at which approximately 30 state and federal agency personnel discussed the topic of existing state financial responsibility requirements. A follow up conference call of the states to debrief on the meeting with EPA was held on September 16.

While there was little in the way of congressional activity on legislation to provide relief from Clean Water Act liability for “Good Samaritans” who undertake hardrock AML cleanup efforts, IMCC did participate in a conference call on December 16 with several Pennsylvania watershed groups, Trout Unlimited and OSM to discuss the potential for legislation in the 112th Congress. IMCC staff also met with staff of the Senate Environment and Public Works Committee and the House Transportation and

Infrastructure Committee to discuss the potential for Good Sam legislation in the 112th Congress.

The IMCC Mine Safety and Health Committee was active throughout the year in meetings between the states and MSHA. The Committee met with Assistant Secretary for Mine Safety and Health Joe Main on March 15 in Pittsburgh to discuss common issues and concerns and to initiate more regular meetings between IMCC and the states. The Mine Safety and Health Committee met with the MSHA District Managers and members of MSHA's leadership team on May 13 at the Mine Safety and Health Academy in Beckley, WV to discuss a host of issues related to the implementation of state and federal programs under the Mine Safety and Health Act. Following that meeting, IMCC worked with MSHA staff on the development of a memorandum of understanding (MOU) between MSHA and IMCC regarding future state/federal interaction on issues of mutual interest and concern. A conference call of the Committee was held on November 15 to discuss the next meeting between IMCC and MSHA, to approve the final version of the MOU and to plan the agenda for the meeting.

IMCC continues its working relationship with other state governmental organizations and others who have an interest in the work of the states. IMCC coordinates with the Western Governors' Association and the Western Interstate Energy Board on the OSM budget, AML, Good Samaritan and CERCLA 108(b) issues mentioned above. IMCC also coordinates its work on financial responsibility issues for the hardrock mining sector with the Association of State and Territorial Solid Waste Management Officials (ASTSWMO). IMCC is also actively involved with the National Association of Abandoned Mine Land Programs (NAAML), often jointly developing testimony, statements, comments and input to OSM and others on AML-related issues. IMCC participated in the NAAML Mid-Winter meeting in Lajitas, Texas via conference call on February 23, providing several updates on OSM's FY 2011 budget; OSM's oversight initiative; EPA's proposed rule

on CCRs; and pending legislation regarding hardrock AML and Good Samaritan relief. IMCC also attended the annual conference of NAAML in Scranton, PA from September 19 – 22, providing updates on many of the issues mentioned above. IMCC also coordinated several conference calls with NAAML during the year and worked with the leadership of the organization regarding pending legislation and regulations.

IMCC attended the annual meeting of the National Academy of Science's Committee on Earth Resources in Washington, DC on October 19 at which the topic of "Meeting our Nation's Natural Resource Needs: Balancing Risks and Rewards" was discussed. IMCC also attended and spoke at a meeting of the National Mining Association's Environment Committee on October 20 in Washington, DC.

In addition to meetings of the IMCC standing committees in conjunction with IMCC's annual meeting and mid-year meeting, IMCC's Finance Committee met via conference call on April 1 to prepare recommendations concerning staff compensation and benefits, following review of staff performance ratings. The IMCC Awards Committee met twice during the year via conference call: once on March 17 to select winners of the 2010 national reclamation awards and again on August 24 to discuss and develop criteria and guidelines for a new IMCC award that would recognize the contributions of IMCC member states to the work of the organization. The Minerals Education Work Group met via conference call on March 16 to select the winners of the 2010 national minerals education awards.

IMCC continued to pursue additional funding for its benchmarking initiative. Those funds were hard to come by in 2010, but we are hoping for better days ahead. Potential topics for future workshops include: 1) state approaches to the interpretation of narrative water quality standards in the context of surface coal mine permits; 2) use of trust funds to address acid mine drainage and stream protection; 3) underground mine mapping innovations and updates; and 4)

follow up to special oversight studies. IMCC pursued the development of a potential workshop on the impacts to mining from gas development (drilling and fracking) in the Marcellus Shale with the Interstate Oil and Gas Compact Commission. A conference call of interested states was held on August 30 to discuss the level of interest in pursuing either a workshop or a roundtable discussion. The majority of states on the call stated that most of their work is being handled intra-state and hence did not feel there was enough interest in an interstate meeting at the time. Ohio expressed interest in pursuing a couple of pressing issues and IMCC agreed to facilitate such an effort if Ohio so desired.

IMCC received an additional \$20,000 toward its COALEX contract with OSM. Pursuant to the contract, IMCC completed work on an updated version of the Surface Mining Control and Reclamation Act reflecting all amendments and appropriations activity as of January, 2010. The update is available electronically; OSM may publish an updated version of SMCRA sometime in the future.

During the year, IMCC conducted several surveys of the states in an effort to serve as a clearinghouse for information and data requests. In addition to the surveys on miner certification, state subpoena powers and compliance with the new Indiana Bat guidelines mentioned above, IMCC also conducted a survey of the states concerning the extent to which independent oversight inspections under SMCRA were being conducted by OSM. IMCC also worked on developing a survey of the states on behalf of OSM regarding permit fees and cost recovery. IMCC met with OSM's budget staff to discuss the latter survey on December 16.

From an operational perspective, IMCC continued to make adjustments and improvements that would improve our bottom line. IMCC is now distributing our quarterly newsletter via e-mail. Plans call for distributing our membership directory electronically as well, or by referring interested parties to our website (where it is kept up to date). IMCC updated its computers and

telephone service in early 2010 and is exploring web services for conducting conference calls as an alternative to face-to-face meetings. IMCC made available to the member states a CD version of our minerals education calendar for 2010. IMCC's audit was conducted on August 4 and the auditor's report was provided to the member states via e-memo of September 8.

With regard to membership development efforts, IMCC staff spent the majority of its time during the year working with current member states to help justify their membership in IMCC and/or dues assessments in light of the current fiscal constraints facing many states. It is likely that these efforts will continue for the foreseeable future as states actively review their membership in organizations such as IMCC. IMCC has also been working with its associate member states to pursue legislation bringing them into the Compact as full members when the timing is right. Follow up correspondence and conversations were initiated with several potential member states including Nevada, Mississippi, Kansas, Montana and Arizona. Given the fiscal challenges facing each of these states, the potential for pursuing membership at this time is limited.

IMCC staff also spent considerable time near the end of the year briefing the offices of the new Governors who were elected on November 2 about IMCC. Letters were sent to the Governors of New York, Alabama, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Colorado, New Mexico and Wyoming and follow up phone calls and e-mails were sent to confirm the participation of these states through their new official representatives.

As the first decade of the 21st century came to a close, the states were just beginning to pull themselves out of a nationwide economic and financial crisis that has had significant consequences government-wide. Many state agencies have seen their programs and their staffs suffer drastic cuts in an effort to restore some semblance of balance to state budgets. The ramifications of these hard decisions remains to be seen but it is clear that we are learning to do more

with less and to persevere through difficult times. State mining and environmental programs are no exception. And yet mines need to be permitted and inspected; the environment needs to be protected and in some cases restored; and the safety and health of our Nation's miners needs to be assured.

Part of the mission at IMCC is to encourage the states to stand together to weather these storms and to persevere through these challenges. We do this by working together to share innovative solutions and ideas, to develop jointly held positions and recommendations, and to maximize resources and time. Seldom has there been a time when uniting together to speak with a single voice has been more important. Congress and executive agencies need to fully understand the consequences of their decisions for state governments, in terms of policy, mandates and funding. As we look to the immediate future, we can readily see the importance of these decisions in the areas of federal oversight of state regulatory programs; federal rulemakings on financial responsibility for hardrock mines, mine placement of coal combustion residues, and stream protection for coal mines; and federal funding for state active mining programs and abandoned mine land programs. All of these decisions can and will have direct impacts on state governments and we must remain vigilant to protect our interests and secure our roles as primary regulators under national mining and environmental laws.

It is a distinct privilege to work together with you as we to seek to preserve, protect and enhance the role of the states in the area of natural resource development and protection. On behalf of Beth and me, thank you for your continued support and for making us an organization whose quality and effectiveness are recognized both in Washington, DC and nationwide.

Standing Committees

Environmental Affairs Committee

Coal Section

Bruce Stevens, Indiana, Chairman

James Stephens, Arkansas, Vice Chairman

Noncoal Section

Mike Larsen, Missouri, Chairman

Kent Coleman, South Carolina, Vice Chairman

Abandoned Mine Lands Committee

Michael Skates, Alabama, Chairman

James Deutsch, North Dakota, Vice Chairman

Mine Safety and Health

Ron Wooten, West Virginia, Chairman

Johnny Greene, Kentucky, Vice Chairman

Finance and Administrative Committee

C. Edmon Larrimore, Maryland, Chairman

Bruce Stevens, Indiana, Vice Chairman

Resolutions Committee

Steven Potter, New York, Chairman

Paul Schmierbach, Tennessee, Vice Chairman

Awards Committee

Mary Ann Pritchard, Oklahoma, Chairman

Dale Bergquist, Louisiana, Vice Chairman

(Members of the 2010 Awards Committee: Oklahoma, Louisiana, New Mexico, Kentucky and Pennsylvania)

Legal Advisor

Richard Morrison, Pennsylvania

Minerals Education Work Group

Dean Spindler, Illinois, Chairman

Activities of the Standing Committees

Finance and Administrative Committee

The committee met on two occasions during 2010. On April 14 the committee met in Point Clear, Alabama in conjunction with the Compact's Annual Meeting. The committee reviewed the Compact's current financial condition; reviewed and approved the proposed Fiscal Year 2011 budget; discussed the 2010 Executive Director's evaluations and recommendations of the Compact's Compensation and Benefits Review Committee; and discussed potential impacts of state budget crises on IMCC operations.

On October 27, the committee met in Charleston, South Carolina. The committee reviewed the Compact's current financial condition, reviewed and approved the Compact's Fiscal Year 2010 Audit, and discussed membership issues.

Resolutions Committee

The committee met jointly with the Finance and Administrative Committee twice in 2010. On April 14 in Point Clear, Alabama, the committee recommended approval of five resolutions of appreciation. (See *Resolutions* section of this Annual Report.)

On October 27 in Charleston, South Carolina, the committee recommended adoption of four resolutions. They included three resolutions of appreciation, and one resolution addressing a U.S. Environmental Protection Agency proposal regarding the placement of coal combustion residues. (See *Resolutions* section of this Annual Report.)

Environmental Affairs Committee — Coal Section

The Coal Section of the Environmental Affairs Committee met on April 13, 2010 in Point Clear, Alabama in conjunction with the Compact's Annual Meeting. Among the topics discussed were: legislative activity regarding amendments to the Surface Mining Control and Reclamation Act (SMCRA); revisions and amendments to state abandoned mine land (AML) reclamation plans; transition rules regarding the AML Emergency Program; the Office of Surface Mining's (OSM) Fiscal Year (FY) 2010 appropriation and FY 2011 budget request; state Title V regulatory grants; an OSM user fee proposal; Title IV program funding; the OSM Oversight Improvement Actions Initiative; OSM rulemakings on mine placement of coal combustion wastes and stream protection; water quality requirements for coal mining permits and impacts on state-issued permits; pending legislation regarding water quality requirements; Indiana Bat Protection and Enhancement Guidelines; and upcoming regional OSM/States Meetings.

On October 26, 2010, the committee met in conjunction with the IMCC Mid-Year Meeting in Charleston, South Carolina. Among the topics discussed were: legislative activity regarding amendments to SMCRA; the status of the abandoned mine land (AML) emergency program; OSM's FY 2011 appropriations; pending OSM rulemaking initiatives and a draft Environmental Impact Statement (EIS) on stream protection; mine placement of coal combustion residues (CCRs) and the status of OSM's and EPA's proposed CCR rules; Clean Water Act issues relating to SMCRA; and OSM oversight improvement actions.

Environmental Affairs Committee — Noncoal Section

The Noncoal Section of the Environmental Affairs Committee met twice in 2010. On April 12 in Point Clear, Alabama, the committee met in conjunction with the Compact's Annual Meeting. The committee met again on October 26 in Charleston, South Carolina in conjunction with the Mid-Year Meeting. Topics discussed at the April 12 meeting included: a presentation on Uniform/Model Laws; status of Mining Law reform bills (H.R. 699 and S. 796); potential for a hardrock abandoned mine lands (AML) program; status of Good Samaritan legislation (S. 1777 and H.R. 3202); future IMCC noncoal symposia or workshops; Alabama's mine safety and health enhancements pursuant to the MINER Act; and mine safety and health issues.

Topics of discussion at the committee meeting held on October 26 included: status of mine safety and health legislation; an Interstate Mining Compact Commission (IMCC)/Mine Safety and Health Administration (MSHA) Memorandum of Understanding; the Environmental Protection Agency's (EPA) rulemaking on financial assurance requirements under Section 108(b) of CERCLA; status of Mining Law reform legislation (H.R. 699 and S. 796); status of Good Samaritan legislation (H.R. 3203 and S. 1777); a presentation by Ed Fogels of Alaska on "Human Health Impact Assessments"; and a presentation by Wendy Hamilton of South Carolina on key mining issues in the state.

Abandoned Mine Lands Committee

The Abandoned Mine Lands (AML) Committee met jointly with the Coal Section of the Environmental Affairs Committee on two occasions — April 13 in Point Clear, Alabama and October 26 in Charleston, South Carolina. At the April 13 meeting, the committee discussed the following

topics: legislative activity regarding amendments to the Surface Mining Control and Reclamation Act (SMCRA); revisions and amendments to state abandoned mine lands (AML) reclamation plans; status of the AML emergency program (Transition Rules); and Title IV program funding in OSM's Fiscal Year (FY) 2010 appropriation and FY 2011 budget.

At the October 26 meeting, topics discussed included: legislative activity regarding amendments to SMCRA; status of the AML emergency program; and state Title IV AML grants in OSM's FY 2011 appropriation.

Mine Safety & Health Committee

The Mine Safety & Health Committee met jointly with the Noncoal Section of the Environmental Affairs Committee on two occasions in 2010 – on April 12 in Point Clear, Alabama in conjunction with the Compact's Annual Meeting, and on October 26 in Charleston, South Carolina in conjunction with IMCC's Mid-Year Meeting. Topics of discussion at the April 12 meeting included: a presentation by Larry McCarty of Alabama on "Recent Mine Safety and Health Enhancements Pursuant to the MINER Act"; report on an IMCC/MSHA meeting held on March 15; the development of an IMCC/MSHA Memorandum of Understanding (MOU) to enhance future communications between MSHA and the states; and a potential future meeting of IMCC states and MSHA District Managers.

Topics discussed at the October 26 meeting included: status of mine safety and health legislation (H.R. 5663, "the "Miner Safety and Health Act of 2010"); an IMCC/MSHA MOU; and a meeting to be scheduled with MSHA officials early in 2011 to discuss federal/state issues.

Awards Committee

The Awards Committee met via conference call on March 17, 2010 to select winners of the 2010 Kenes C. Bowling National Mine Reclamation Awards. The Education Work Group met via conference call on March 16, 2010 to select winners of the 2010 IMCC National Minerals Education Awards.

The reclamation award recipients, and photos of the winning sites, are listed elsewhere in this Annual Report. The awards were presented at the Annual Awards Banquet on April 13, which was held in conjunction with IMCC's Annual Meeting in Point Clear, Alabama.

The National Mineral Education Awards were also presented at the April 13 Awards Banquet. The education award recipients are also listed elsewhere in this Annual Report.

NOTE: For other committee meetings during the year, see the *Report of the Executive Director*.

Committees and Committee Chairmen and Vice Chairmen for 2011

Environmental Affairs Committee

Coal Section

James Stephens, Arkansas, Chairman

Tom Callaghan, Pennsylvania, Vice Chairman

Noncoal Section

Kent Coleman, South Carolina, Chairman

James Simons, North Carolina, Vice Chairman

Abandoned Mine Lands Committee

James Deutsch, North Dakota, Chairman

Mike Kastl, Oklahoma, Vice Chairman

Mine Safety and Health

Johnny Greene, Kentucky, Chairman

Butch Lambert, Virginia, Vice Chairman

Finance and Administrative Committee

John Caudle, Texas, Chairman

Joe Angleton, Illinois, Vice Chairman

Resolutions Committee

C. Edmon Larrimore, Maryland, Chairman

Bruce Stevens, Indiana, Vice Chairman

Awards Committee

Dale Bergquist, Louisiana, Chairman

Lanny Erdos, Ohio, Vice Chairman

(Members of the 2011 Awards Committee: Louisiana, Ohio, Virginia, Colorado, Illinois)

Legal Advisor

Richard Morrison, Pennsylvania

Minerals Education Work Group

Dean Spindler, Illinois, Chairman

Yearly Commission Meetings

2010 Annual Meeting — Point Clear, Alabama

The 2010 Annual Meeting was held at The Marriott Grand Hotel in Point Clear, Alabama from April 11 - 14, 2010. The following member states were in attendance: Alabama, Alaska, Arkansas, Illinois, Indiana, Kentucky, Maryland, Missouri, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Virginia, and West Virginia. Attendees included 49 persons consisting of IMCC members, other state representatives, federal officials, and industry representatives. The meeting was highlighted by a general session, committee meetings, the annual commission business meeting, social receptions, and the annual awards banquet.

The meeting began with welcome remarks by G. Thomas Surtees, Director of the Alabama Department of Industrial Relations who opened the General Session on April 12. Speakers and topics covered during the session included: Larry Barwick, Alabama Department of Industrial Relations: “Mulga Gob Fire Project”; Dr. Randall Johnson, Director, Alabama Surface Mining Commission: “Digital Documents and Applications”; Professor Bill Henning, University of Alabama School of Law: “Uniform State Laws – Purpose, Development and Use”; and Larry McCarty, Alabama Mine Safety Inspector: “Focus on Safety”.

IMCC’s Standing Committee meetings commenced in the late morning of April 12 (see *Activities of the Standing Committees*). In the evening attendees enjoyed an Old South BBQ Buffet on the Bay held on the pier at the Marriott.

The Standing Committee meetings resumed on the morning of April 13 and continued throughout the afternoon. At a banquet that evening, the IMCC presented its 2010 National Reclamation and Minerals

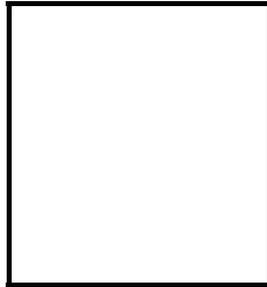
Education Awards. (see *Awards* section later in this report for details.)

The Commission’s annual business meeting was held on April 14. The meeting was chaired by Ed Larrimore on behalf of the Compact’s Treasurer, Governor Martin O’Malley of Maryland. Subjects of action and discussion included: the Executive Director’s Report (see *Report of the Executive Director*); standing committee reports (see *Activities of the Standing Committees*); IMCC’s State Program Benchmarking Initiative; a new IMCC Award for Excellence (service award); and future IMCC meetings. In addition, five resolutions were adopted at the meeting and are contained in the *Resolutions* section of this Annual Report.

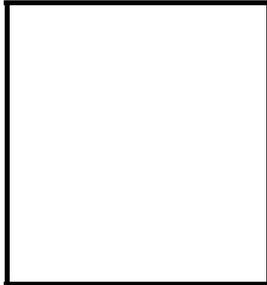
2010 Mid-Year Meeting – Charleston, South Carolina

The Mid-Year Executive Commission Meeting of the IMCC was held in Charleston, South Carolina at the Doubletree Suites Hotel, October 26 - 27, 2010. Committee meetings were held on October 26. A luncheon and a social reception were also held on October 26. Committee meetings resumed the morning of October 27. They were followed by the commission’s business meeting which concluded the meeting. The business meeting was chaired by Ed Larrimore on behalf of the Compact’s Treasurer, Governor Martin O’Malley of Maryland. Among the topics addressed at the meeting were: an Executive Director’s Report (see *Report of the Executive Director*); reports from standing committees of the Compact (see *Activities of Standing Committees*); election of officers for 2011; appointment of committee chairs for 2011; a proposed new IMCC Honorary Service Award; and future IMCC meetings. In addition, four resolutions were adopted at the meeting and are contained in the *Resolutions* section of this Annual Report.

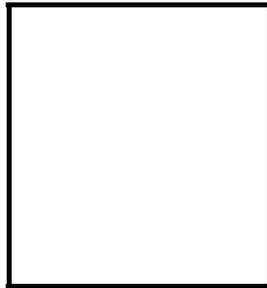
Officers Elected for 2011



Chairman:
Governor Martin O'Malley
Maryland



Vice Chairman:
Governor Mitchell E. Daniels
Indiana



Treasurer:
Governor Rick Perry
Texas

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, Michael Skates and his staff arranged an informative and interesting meeting for the Interstate Mining Compact Commission in Point Clear, Alabama on April 11 -14, 2010; and

WHEREAS, our hosts warmly welcomed and generously extended their southern hospitality to all attendees

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its deep appreciation to Michael Skates and all of the other state officials who assisted IMCC staff to assure a successful meeting.

Issued this 14th day of April, 2010

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, the Interstate Mining Compact Commission's (IMCC) Annual Meeting in Point Clear, Alabama from April 11 -14, 2010 was honored by the presence of Milton McCarthy, General Counsel to the Alabama Surface Mining Commission; and

WHEREAS, Mr. McCarthy served as the Master of Ceremonies at the Annual Awards Banquet on April 13, 2010;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its gratitude to Milton McCarthy for his participation in making this year's meeting an outstanding success and for his support of IMCC.

Issued this 14th day of April 2010

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, The Interstate Mining Compact Commission's (IMCC) Annual Meeting in Point Clear, Alabama from April 11 -14, 2010 was honored by the presence of The Honorable Thomas Surtees, Director of the Alabama Department of Industrial Relations and Governor Riley's official representative to the Compact; and

WHEREAS, Director Surtees presented the Welcoming Address during the Opening Session on April 12, 2010;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its gratitude to Director Thomas Surtees for his participation in making this year's meeting an outstanding success and for his support of IMCC.

Issued this 14th day of April, 2010

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, throughout the years the Interstate Mining Compact Commission has been privileged to hear many excellent speakers at its meetings; and

WHEREAS, it is through these speakers that the Commission is able to keep abreast of new developments, new policies, and new technology in the fields of mining and environmental protection; and

WHEREAS, the speakers who addressed the Commission's Annual Meeting on April 12, 2010 in Point Clear, Alabama are men of outstanding ability in their respective fields, and the benefit of their advice and experience are a valuable contribution to the Commission; and

WHEREAS, the Commission is most appreciative of the time and effort the speakers have expended in the preparation and presentation of their remarks;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission (IMCC) expresses its sincere gratitude to

Professor Bill Henning

Dr. Randall Johnson

Larry Barwick

Larry McCarty

Chuck Williams

Harold Smith

Issued this 14th day of April, 2010

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, The Interstate Mining Compact Commission was honored by the presence of The Honorable Joe Pizarchik, Director of the Office of Surface Mining, at its annual meeting in Point Clear, Alabama from April 11 - 14, 2010; and

WHEREAS, Director Pizarchik and members of his staff attended and actively participated in the IMCC Environmental Affairs Committee meeting on April 13, 2010; and

WHEREAS, IMCC greatly appreciates the productive working relationship and valuable partnership between the states and the Office of Surface Mining;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its gratitude to Director Pizarchik and his staff for their participation in making this year's meeting a success and for their continued involvement with IMCC on issues of mutual interest and concern.

Issued this 14th day of April, 2010

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, Craig Kennedy and the staff of the South Carolina Department of Health and Environmental Control arranged an informative and interesting Mid-Year meeting for the Interstate Mining Compact Commission in Charleston, South Carolina from October 26 - 27, 2010; and

WHEREAS, our hosts warmly welcomed and generously extended their southern hospitality to all attendees:

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its deep appreciation to Craig Kennedy and all of the other state officials who assisted IMCC staff to assure a successful meeting.

Issued this 27th day of October, 2010

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, throughout the years, the Interstate Mining Compact Commission has been privileged to hear many excellent speakers at its meetings; and

WHEREAS, it is through these speakers that the Commission is able to keep abreast of new developments, new policies, and new technology in the fields of mining and environmental protection; and

WHEREAS, the speakers who addressed the Commission's Mid-Year Meeting on October 26, 2010 in Charleston, South Carolina are men and women of outstanding ability in their respective fields, and the benefits of their advice and experience are a valuable contribution to the Commission; and

WHEREAS, the Commission is most appreciative of the time and effort the speakers have expended in the preparation and presentation of their remarks;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its sincere gratitude to

Wendy Hamilton

Ed Fogels

Issued this 27th day of October, 2010

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, in 1980 Congress passed the Beville Amendment to the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. Sec. 6982(n)), which required the U.S. Environmental Protection Agency (EPA) to conduct a detailed and comprehensive study and submit a report on the adverse effects on human health and the environment, if any, from the disposal and utilization of fly ash waste, bottom ash waste, slag waste, flue gas emission control waste, and other byproduct materials generated primarily from the combustion of coal or other fossil fuels; and

WHEREAS, on May 22, 2000, EPA published a regulatory determination on wastes from the combustion of fossil fuels (65 Fed. Reg. 32214), wherein it concluded that coal combustion wastes do not warrant regulation under subtitle C of RCRA when they are disposed in landfills or surface impoundments, and that regulations under subtitle D of RCRA and/or the Surface Mining Control and Reclamation Act (SMCRA) are warranted when these wastes are used to fill surface or underground mines; and

WHEREAS, the placement of CCRs in mines has remained a state regulatory responsibility for over 25 years and, during that time, states have developed and implemented programs to safely and effectively manage the placement of CCRs in mines; and

WHEREAS, during the course of their 25 years of regulating the placement of coal combustion residues (CCRs) in mines, state regulatory agencies have evaluated thousands of CCR chemical analyses which have verified that CCRs used in mine reclamation do not chemically test as, or have the characteristics of, hazardous wastes; and

WHEREAS, beginning in May of 2001, the Interstate Mining Compact Commission (IMCC) sponsored and facilitated a series of intergovernmental discussions with the Office of Surface Mining (OSM), EPA and other stakeholders concerning existing state and federal regulatory programs and controls for the placement of coal combustion residues in mines; and

WHEREAS, concerns about the potential public health and environmental risks associated with using coal combustion wastes for reclamation in active and abandoned mines led Congress in 2004 to direct EPA to commission an independent study to examine this topic, pursuant to which the National Research Council (NRC) established the Committee on Mine Placement of Coal Combustion Wastes; and

WHEREAS, on March 1, 2006, the NRC released its report on “Managing Coal Combustion Residues in Mines”; and

WHEREAS, IMCC endorses the finding in the NRC report that OSM and its SMCRA state partners should take the lead in developing any new national standards for the placement of coal combustion residues (CCRs) in mines because the framework is already in place to deal with mine-related issues; and

WHEREAS, on June 21, 2010, the U.S. Environmental Protection Agency published a proposed rule regarding the disposal of coal combustion residues from electric utilities; and

WHEREAS, EPA states in the preamble to the proposed rule that it is not proposing to address the placement of CCRs in mines, or the non-minefill uses of CCRs at coal mine sites

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission (IMCC) strongly supports the proposal of the U.S. Environmental Protection Agency, consistent with the approach recommended by the National Academy of Sciences, to exempt the placement of coal combustion residues in mines from the applicability of its proposed rules and to formally confirm the Office of Surface Mining's lead role in the development of rules regarding the placement of coal combustion residues in mines; and

That the Interstate Mining Compact Commission urges OSM, in coordination with EPA, to work closely with the states through IMCC in responding to the recommendations of the NRC report and developing rules for the placement of CCRs in mines.

Issued this 27th day of October, 2010

ATTEST:

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, The Interstate Mining Compact Commission's Mid-Year Meeting in Charleston, South Carolina from October 26 - 27, 2010 was honored by the presence of The Honorable Joe Pizarchik, Director of the Office of Surface Mining; and

WHEREAS, Director Pizarchik and members of his staff attended and actively participated in the IMCC Environmental Affairs Committee meeting on October 26, 2010; and

WHEREAS, IMCC greatly appreciates the productive working relationship and valuable partnership between the states and the Office of Surface Mining;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission (IMCC) expresses its gratitude to Director Pizarchik and his staff for their participation in making this year's meeting a success and for their support of IMCC.

Issued this 27th day of October, 2010

ATTEST:

Executive Director

Financial Reports

*Interstate Mining Compact Commission
Statement of Financial Position for the Year Ended June 30, 2010*

ASSETS

| | |
|-------------------------------|-------------------|
| Cash | \$ 154,803.00 |
| Investments | 300,000.00 |
| Accounts receivable | 40,687.00 |
| Prepaid expenses and deposits | 4,363.00 |
| Property and equipment, net | 2,280.00 |
| Total assets | 502,133.00 |

LIABILITIES AND NET ASSETS

| | |
|---|-------------------|
| Liabilities: | |
| Accrued vacation | 33,053.00 |
| Deferred rent | 3,781.00 |
| Total liabilities | 36,834.00 |
| Net assets: | |
| Unrestricted | 465,299.00 |
| Total net assets | 465,299.00 |
| Total liabilities and net assets | 502,133.00 |

Financial Reports

*Interstate Mining Compact Commission
Statement of Activities
For the Year Ended June 30, 2010*

| | |
|---|-----------|
| Unrestricted revenue and support | |
| Assessments | \$490,604 |
| Government grants and contracts | 8,400 |
| Conferences and meetings | 22,886 |
| Interest income | 16,224 |
| Other income | 98 |
| Total revenue and support | 538,212 |
| Expenses | |
| Government programs | 8,400 |
| Administrative and general | 534,476 |
| Total expenses | 542,876 |
| Change in net assets | (4,664) |
| Net assets, beginning of year | 469,963 |
| Net assets, end of year | \$465,299 |

Financial Reports

**Interstate Mining Compact Commission
Schedule of Comparison of Expenses and Budget
For the Year Ended June 30, 2010**

| Description | Government Grants | Admin. & General | Total Expenses | Budget | Variance |
|-------------------------------------|----------------------|---------------------|-------------------|-------------------|------------------|
| Salaries | \$3,300 | \$291,574 | \$294,874 | \$287,000 | \$ 7,874 |
| Employee benefits | - | 94,031 | 94,031 | 97,000 | (2,969) |
| Rent | - | 36,285 | 36,285 | 33,100 | 3,185 |
| Conference and meetings | - | 34,990 | 34,990 | 20,000 | 14,990 |
| Travel | - | 30,274 | 30,274 | 20,000 | 10,274 |
| Publications | - | 6,745 | 6,745 | 10,000 | (3,255) |
| Telephone | - | 9,340 | 9,340 | 10,500 | (1,160) |
| Auditing | - | 5,500 | 5,500 | 6,000 | (500) |
| Postage | - | 2,666 | 2,666 | 3,000 | (334) |
| Equipment expenses | - | 2,389 | 2,389 | 1,500 | 889 |
| Contractual services | - | 14,783 | 14,783 | - | 14,783 |
| Office supplies | - | 3,741 | 3,741 | 3,500 | 241 |
| Other expenses | - | 1,543 | 1,543 | 2,600 | (1,057) |
| Insurance | - | 1,756 | 1,756 | 4,500 | (2,744) |
| Printing | - | 747 | 747 | 1,500 | (753) |
| Registration fees/ subscriptions | - | 802 | 802 | 2,000 | (1,198) |
| Utilities | - | 1,170 | 1,170 | 1,500 | (330) |
| Depreciation | - | 1,240 | 1,240 | - | 1,240 |
| Overhead allocation | 5,100 | (5,100) | - | - | - |
| Total expenses | \$ 8,400 | \$ 534,476 | \$ 542,876 | \$ 503,700 | \$ 39,176 |

Member State Permitting Data

PERMITS ISSUED AND ACRES OF LAND DISTURBED AND RECLAIMED
JANUARY 1 - DECEMBER 31, 2010 FOR COAL SURFACE MINING

| State/Enforcement Agency | # Permits Issued | # Acres Permitted | #Acres Disturbed | # Acres Reclaimed |
|---|--|--|--|---|
| Alabama Surface Mining Commission | 14 | 3,428 | 50,983 | 1,003 |
| Alaska Dept. of Natural Resources ¹ | 12 | 9,650 | 21 ² | 68 |
| Arkansas Dept. of Environmental Quality | 7 | 1,338.62 | 697.69 | 0 |
| Colorado Division of Reclamation, Mining & Safety, Coal Program | 1 | 168,837 ³ | 20,627 | 304 ⁴ |
| Illinois Dept. of Natural Resources, Office of Mines & Minerals, Land Reclamation Division | 2 | 964.47 | 1,598.89 | 538.64 |
| Indiana Dept. of Natural Resources, Division of Reclamation | 7 | 4,734.10 | 3,043.20 ⁵ | 5,244.90 |
| Kentucky Dept. for Natural Resources | 642 | 83,742.07 | 261,150.91 | 10,489.25 |
| Louisiana Dept. of Natural Resources | 2 ⁶ | 41,955 ⁷ | 673 (during 2010) | 25 ⁸ |
| Maryland Bureau of Mines ⁹ | 9 | 84 | 2,647 | 238 |
| Missouri Land Reclamation Program ¹⁰ | 1 | 3,631 | 3,500 | 372 |
| New Mexico Energy, Minerals & Natural Res. Dept., Coal Mine Reclamation Program ¹¹ | 0 | 0 | 831 | 1,665 |
| North Dakota Public Service Commission | 0 | 0 | 1,655 | 1,155 ¹² |
| Ohio Dept. of Natural Resources, Division of Mineral Resources Management | 36 | 12,102.3 | 54,137.31 ¹³ | 4,173.2 ¹⁴ |
| Oklahoma Dept. of Mines | 2 - permits 57 - permits on IUL 20 - revisions | 23,544.00 | 10,648.00 | 332.00 |
| Pennsylvania Dept. of Environmental Protection | 73 | 7,439 | 7,264 | 5,707 |
| Texas Railroad Commission | 5 - new, renewals and revisions | 11,231.95 ¹⁵ | 6,023.2 ¹⁶ | 1,376.3 ¹⁷ |
| Utah Division of Oil, Gas and Mining | 1 - new 2010; 30 - total active permits | 716.16 - new in 2010; 170,635.49 - total of all permitted acres | 476.95 - new in 2010; 3,410.45 - total of all disturbed acres | 15.48 (phase III bond release) |
| Virginia Dept. of Mines, Minerals & Energy, Division of Mined Land Reclamation | 16 (4 - new; 12 - transfers) | 78,374.08 | 53,793.04; 65,232.05 (acres bonded) | 1,999.74; 30,126.80 (total reclaimed) |
| West Virginia Dept. of Environmental Protection, Division of Mining and Reclamation | 67 (new and amended) | 7,949 (2010); 331,619 (total) | 125,703 (total) ¹⁸ | 4,872 (2010 released Phase III) |
| Wyoming Dept. of Environmental Quality, Land Quality Division ¹⁹ | 0 | 0 | 6,265 | 2,762 |

See footnotes on following page...

¹ Does not include sand and gravel.

² Estimate.

³ Based upon final issuance of permits or revisions to permits through 2010.

⁴ Total of all Phase III releases in 2010.

⁵ Acres mined 2,170.9 + acres disturbed 872.3 = 3,043.20

⁶ Permits issued to date.

⁷ Total acres under permit at year's end.

⁸ Acres released from permit in 2010.

⁹ Coal: # Acres Permitted = number of acres for which bond was posted during the reporting period. # Acres Disturbed = number of actual disturbed acres that have not been approved for Phase 3 release as of 12/31/2010. # Acres Reclaimed = number of acres for which Phase 3 release was approved during the reporting period.

¹⁰ There were 131 acres permitted which were not disturbed yet as of the end of 2010.

¹¹ The numbers shown are for permitting and mining/reclamation activity taking place during calendar year 2010. These numbers do not represent cumulative acreage. Reclaimed lands means that full bond release has been approved.

¹² "Acres Reclaimed" reflects the reclaimed acreage that was seeded in 2010 as reported on annual maps submitted by the mining companies.

¹³ Total bonded acres as of 12/31/2010.

¹⁴ Phase III releases between 1/1 - 12/31/2010.

¹⁵ Total permit acreage as of 12/31/2010 (296,494.49) minus total permit acreage as of 1/01/2010 (285,262.54) = 11,231.95.

¹⁶ 3,036.3 acres mined and 2,986.9 acres non-mined disturbed = 6,023.2.

¹⁷ Phase III bond-release approval (may not have been removed from permitted acreage).

¹⁸ Disturbed Acres (total) means the total number of disturbed acres, including acreage disturbed and reclaimed but not yet receiving final bond release, associated with permits that as of 12/31/2010 were not final released or revoked.

¹⁹ Acres disturbed and reclaimed are the acres reported in annual reports received during 2010 and represent acres disturbed/reclaimed during one year for all coal mines in Wyoming. Acres reclaimed are those reclaimed to final seeding, not bond released.

Member State Permitting Data

PERMITS ISSUED AND ACRES OF LAND DISTURBED AND RECLAIMED
JANUARY 1 - DECEMBER 31, 2010 FOR NONCOAL SURFACE MINING

| State/Enforcement Agency | # Permits Issued | # Acres Permitted | #Acres Disturbed | # Acres Reclaimed |
|---|--|-------------------------------|------------------------------|---|
| Alabama Department of Industrial Relations, Mining and Reclamation Division ¹ | 29 (new); 362 (renewals) | 10,221 | 20,000 | 26 mines, 879 acres |
| Alaska Dept. of Natural Resources, Mining Section | N/A | 9187 total ² | 8109 total ³ | 380 ⁴ |
| Arkansas Dept. of Environmental Quality | 243 | 20,541.23 | 12,375.025 | 157.7 |
| Colorado Division of Reclamation, Mining and Safety, Minerals Program | 40 | 181,256 ⁵ | 108,053 | 1,036 ⁶ |
| Illinois Dept. of Natural Resources, Office of Mines & Minerals, Mine Safety/Training Division | 12.2 | 801.36 | 571.5 | 95.3 |
| Indiana Dept. of Natural Resources, Division of Reclamation | 5 | 498.95 | 8.0 | 0.0 |
| Kentucky Dept. for Natural Resources, DMRE, Non-Coal Branch | 111 | 50,125.00 | 32,340.00 | 315 |
| Maryland Minerals, Oil & Gas Division ⁶ | 106 ⁶ | 3,816 ⁷ | 2,102 ⁸ | 753 ⁹ |
| Missouri Department of Natural Resources, Land Reclamation Program | 376 | 36,261 | 36,261 ¹⁰ | 638.5 |
| New Mexico Energy, Minerals and Natural Resources Dept., Mining Act Reclamation Prog. ¹¹ | 25 | 41 | 208 | 146 |
| New York State Dept. of Environmental Conservation, Div. of Mineral Resources | 38 (new in 2010); 2090 (total active) | 143,574 (total) ¹² | 58,967 (total) ¹² | 2,196 (2010); 32,398 (total) ¹² |
| North Carolina Dept. of Environment & Natural Resources, Div. of Land Resources | 878 | 131,921 | 42,951 | 1,793 |
| Ohio Dept. of Natural Resources, Division of Mineral Resources Management | 16 (new); 10 (amendments) | 973 (new) | 1,264 (new) | 716 |
| Oklahoma Dept. of Mines | ¹³ | 129,521.00 | 53,538.00 | 3,203.00 |
| Pennsylvania Dept. of Environmental Protection | 99 | 1,152 | 752 | 396 |
| South Carolina Dept. of Health and Environmental Control | 41 | 1,438.1 | 734.7 | 725.2 |
| Tennessee Department of Environment and Conservation | 25 | 5,057.59 | 3,940 (estimated acreage) | 11.3 ¹⁴ |
| Utah Division of Oil, Gas and Mining | 8 | 49,172 | 31,526 | 113 |
| Virginia Division of Mineral Mining | 2 (new); 10 (transferred) | 71,253 (total) | 34,609 (total) | 796.4 (in 2010) |
| West Virginia Dept. of Environmental Protection, Division of Mining and Reclamation | 0 | 0 (new); 9,527 (total) | 5,320 (total) ¹⁵ | 0 |
| Wyoming Dept. of Environmental Quality, Land Quality Division ¹⁶ | 75 | 12,380 | 1,900 | N/A |

See footnotes on following page...

- ¹ The acreage disturbed does not include chert, limestone, marble or dolomite. Approximately 6,000 acres were disturbed at those mines.
- ² Acres permitted/bonded include: 841 underground + 15 underground exploration + 8331 surface mining = 9187 total.
- ³ Acres disturbed at the end of 2010 include: 15 underground exploration + 718 underground mining + 7376 surface mining = 8109 total.
- ⁴ The 380 acres reclaimed with bond release were all Illinois Creek surface mine.
- ⁵ Based upon final issuance of permits or revisions to permits through 2010.
- ⁶ Number of permits issued are the total active permits at the end of 2010.
- ⁷ Acres permitted are the acres associated with the number of issued permits.
- ⁸ Acres disturbed are the newly disturbed acres for the 2010 year (total = 14,090).
- ⁹ Acres reclaimed are the newly reclaimed acres for the 2010 year (total = 7,103).
- ¹⁰ For noncoal we have no way of knowing how many permitted acres are undisturbed. Therefore, all permitted acres are considered to be disturbed.
- ¹¹ Most permits issued represent exploration or general permits. Noncoal does not include sand and gravel operations. Acres reclaimed means regrading and seeding has occurred, not necessarily bond release. The numbers shown are for permitting and mining/reclamation activity taking place during calendar year 2010. These numbers do not represent cumulative acreage. Permits issued include regular and minimal impact mines, exploration permits and general permits.
- ¹² Total statewide acreage figures since New York State Mined Land Reclamation Law enacted in 1975.
- ¹³ For “# Permits Issued”: 51 permits issued, 61 revisions, 25 transfers, 42 limited use permits issued, 551 annual reviews of permits, and 737 permits on IUL.
- ¹⁴ This figure denotes only acreage that received total (final) bond release in 2010.
- ¹⁵ Disturbed Acres (total) means the total number of disturbed acres, including acreage disturbed and reclaimed but not yet receiving final bond release, associated with permits that as of 12/31/2010 were not final released or revoked.
- ¹⁶ We do not track acres disturbed and reclaimed each year in the database for our noncoal program, only total acres permitted and the number of acres approved to disturb at the time of permitting. So the number of acres disturbed is a very different number than coal, representing the total number of acres that were approved for disturbance in the permits that were approved in 2010. We don't track reclaimed acres.

Member State Reclaimed Land Use Data

USE OF LAND FOLLOWING RECLAMATION (PERCENT)
JANUARY 1 - DECEMBER 31, 2010 FOR COAL SURFACE MINING

| State | Pasture | Wildlife | Forest | Commercial | Other |
|---------------------------|---|--|-------------------------|--|---------------------------------------|
| Alabama | 1.5 | 2.0 | 26 | .5 | 70 ¹ |
| Alaska | 0 | 100 | 0 | 0 | 0 |
| Illinois | < 0.01 | 47 | 0 | 10 | 43 |
| Indiana | 10.8 (563.90 acres) | 23.6 (1,237.20 acres) | 11.4 (600.40 acres) | 0.5 (28.60 acres) | 53.7 ² (2,814.8 acres) |
| Kentucky | 32.5 | 43.8 | 18.2 | 1.5 | 4.0 |
| Louisiana | 8 | 2 | 90 | 0 | 0 |
| Maryland | 50 | 4 | 45 | 1 | 0 |
| Missouri | 192 (acres) | 39 (acres) | 0 | 0 | 141 (acres) ³ |
| New Mexico | 53 | 0 | 0 | 16 | 31 (residential) |
| North Dakota | 32 | 2 | 1 | 5 | 60 (cropland) |
| Oklahoma | 97 | 2 | 0 | 0 | 1 (water) |
| Pennsylvania ⁴ | 30 | 5 | 50 | 2 | 13 |
| Texas | 18.4 (253.8 acres) | 33.0 (453.5 acres) | 7.1 (97.8 acres) | 36.6 (503.5 acres) (commercial & industrial) | 4.9 (67.7 acres) (water resources) |
| Utah | 0 | 90 | 0 | 10 | 0 |
| Virginia | 6.21 (122.73 acres) (pasture, hayland & grazing) | 1.43 (28.17 acres) (includes fish, wildlife & wetlands) | 44.56 (880.71 acres) | 15.62 (308.75 acres) (industrial/commercial) | 32.19 (636.31 acres) |
| West Virginia | 14 | 21 | 38 | 7 | 20 ⁵ |
| Wyoming | 0 | 0 | 0 | 1 | 99 (wildlife livestock grazing) |

¹ "Other" consists of undeveloped, transportation, and cropland.

² "Other" includes 42.7% cropland (2,238.40 acres); 8% water (420.2 acres); 2.9% roads (149.60 acres); 0.1% residential (5.80 acres); 0.80 acres of other.

³ "Other" includes water (31%) and prime farmland (110%).

⁴ Use of land estimates are based on general observations of post-mining land use.

⁵ Of the 20% "other", 1% is residential with the other 99% being combined uses (i.e. two or more land uses on one permit – most of which are wildlife and forest).

Member State Reclaimed Land Use Data

USE OF LAND FOLLOWING RECLAMATION (PERCENT) JANUARY 1 - DECEMBER 31, 2010 FOR NONCOAL SURFACE MINING

| State | Pasture | Wildlife | Forest | Commercial | Other |
|-----------------------------|-----------------------|---------------------|-----------------|-------------|------------------------------------|
| Alabama | 42 | 2 | 49 | 4 | 3 |
| Arkansas | 85.4 | 0 | 0 | 14.6 | 0 |
| Illinois | 67.4 | 0 | 0 | 0 | 32.6 (water) |
| Indiana | 3.2 (15.9 acres) | 53.4 (266.55 acres) | 0.02 (0.1 acre) | 0 | 43.4 (216.4 acres) ¹ |
| Kentucky | 75 | 0 | 7 | 18 | 0 |
| Maryland | 60 | 10 | 5 | 20 | 5 |
| Missouri | 248 (acres) | 167.5 (acres) | 0 | 161 (acres) | 62 (acres) (prime farmland) |
| New Mexico ² | 20 | 80 | 0 | 0 | 0 |
| New York | 8 | 40 | 0 | 9 | 43 ³ |
| North Carolina ⁴ | 16 | 16 | 1 | 0 | 67 (lake areas) |
| Ohio ⁵ | 14 | 35 | 1 | 5 | 45 (private recreational) |
| Oklahoma | 83 | 0 | 0 | 12 | 5 |
| Pennsylvania ⁶ | 10 | 5 | 10 | 15 | 60 |
| South Carolina | 70.4 (510.7 acres) | 0 | 0 | 0 | 29.6 (214.5 acres) ⁷ |
| Tennessee | 75 | 15 | 10 | 0 | 0 |
| Utah | 0 | 100 | 0 | 0 | 0 |
| Virginia | 141 (acres) | 73 (acres) | 150 (acres) | 121 (acres) | 312 (acres) ⁸ |
| Wyoming | 0 | 0 | 0 | 2 | 98 (livestock, grazing & wildlife) |

¹ "Other" includes 38.5% water (191.9 acres), 4.9% cropland (24.4 acres), 0.02% road (0.1 acre).

² The percentages for Use of Land Following Reclamation are for mined lands reclaimed in 2010.

³ Includes 10% agricultural farmland, 33% wetland/lake.

⁴ North Carolina Department of Natural Resources, Division of Land Resources does not require post mining land use designation. Mined lands are reclaimed as lakes/ponds and/or are graded and revegetated.

⁵ Land use percentages based on historic averages.

⁶ Use of land estimates are based on general observations of post-mining land use.

⁷ "Other" = 214.5 acres reclaimed as lakes/ponds.

⁸ "Other" includes agricultural lands, ponds and recreational areas.

2010 Kenes C. Bowling Reclamation Award Winners

2010 Winners

The following companies were winners of the Compact's 2010 national reclamation awards and were presented with plaques at the 2010 awards banquet:

Coal Category Winner:

Enterprise Mining Company, LLC – Big Branch South Mine, KYDMRE Permit #860-0453 (Kentucky)

Noncoal Category Winner:

Thelen Sand and Gravel, Inc. – Fox Lake Pit (Illinois)

Small Operator Category Winner:

Warren C. Hartman, Contractor – Mine #28, Permit #14980101 (Pennsylvania)

2010 Honorable Mention Recipient

The following company received recognition as honorable mention in the Compact's reclamation awards program and was presented with a certificate at the 2010 awards banquet:

Coal Category:

Larry D. Baumgardner Coal Co., Inc. – Turner Operations, Surface Mining Permit #17990111 (Pennsylvania)

2010 Minerals Education Award Winners

2010 Winners

The following were winners of the Compact's annual minerals education awards, which were presented during the awards banquet held in conjunction with the 2010 Annual Meeting in Point Clear, Alabama. The mining educator awareness award is presented to a teacher or school from one of the Compact's member states. The winner receives an engraved plaque and a \$500 award to go toward teaching materials. The public outreach award is presented to an industry, environmental, citizen, or other group from one of the Compact's member states, or to a member state government body. The public outreach award winner is presented with an engraved plaque of recognition.

Mining Educator Awareness Category Winner:

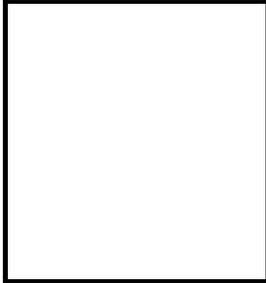
Gequetta Bright Laney, Coeburn High School (Virginia)

Public Outreach Category Winner:

Thunder Basin Coal Company (Wyoming)

2010 IMCC Membership

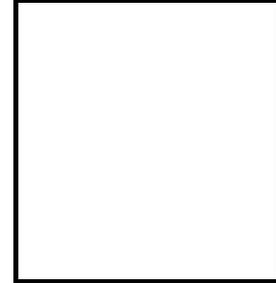
Commissioner



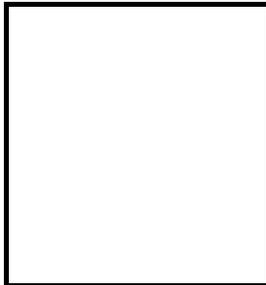
Governor
Bob Riley

Alabama

Commissioner's Official Representative



G. Thomas Surtees
Director
Department of
Industrial Relations

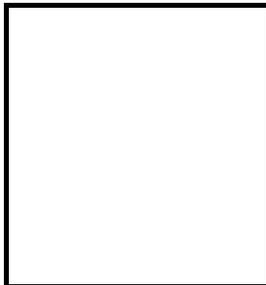


Governor
Mike Beebe

Arkansas



James F. Stephens
Chief
Surface Mining and
Reclamation Division



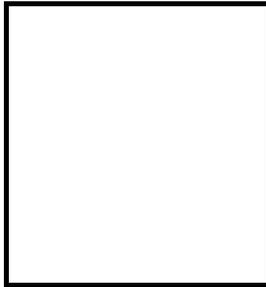
Governor
Pat Quinn

Illinois



Marc Miller
Director
Department of
Natural Resources

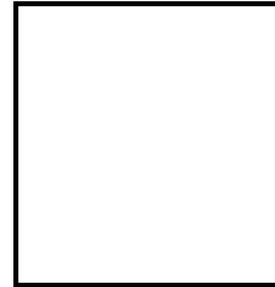
Commissioner



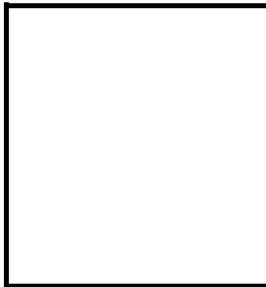
Governor
Mitchell E. Daniels, Jr.

Indiana

**Commissioner's Official
Representative**



Ron McAhron
Deputy Director
Department of
Natural Resources

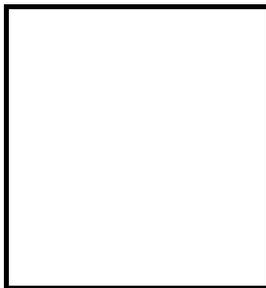


Governor
Steven L. Beshear

Kentucky



Dr. Leonard K. Peters
Secretary
Energy & Environment
Cabinet



Governor
Bobby Jindal

Louisiana

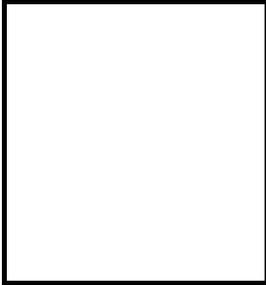


Dale Bergquist
Chief, Surface Mining
Section
Office of Conservation

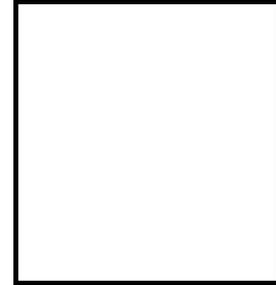
Commissioner

Commissioner's Official Representative

Maryland

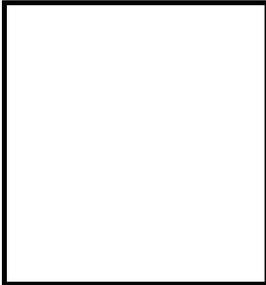


Governor
Martin O'Malley

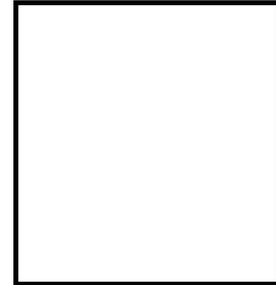


C. Edmon Larrimore
Administrator
Water Management
Administration

Missouri

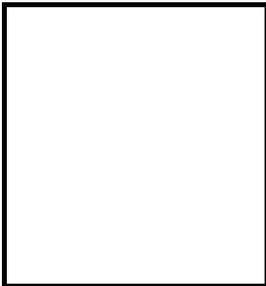


Governor
Jay Nixon

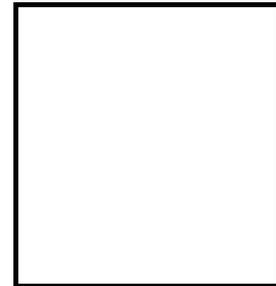


Sara Parker Pauley
Director
Department of
Natural Resources

New York

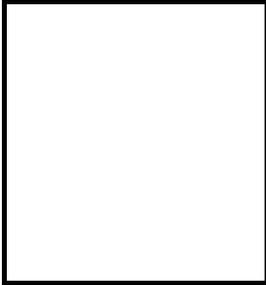


Governor
David A. Paterson



Steven M. Potter
Director, Bureau of
Resource Mgmt. and
Development

Commissioner



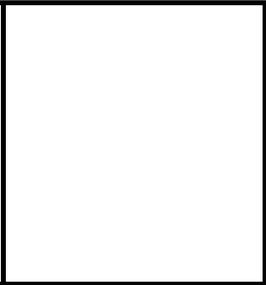
Governor
Beverly Eaves Perdue

North Carolina

Commissioner's Official Representative

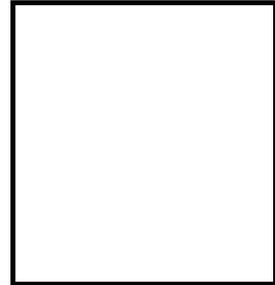


James D. Simons
State Geologist & Director
Department of
Environment and
Natural Resources

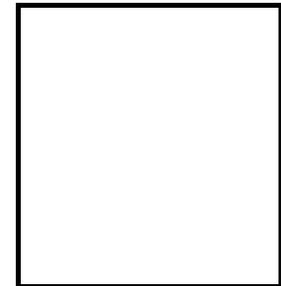


Governor
John Hoeven

North Dakota

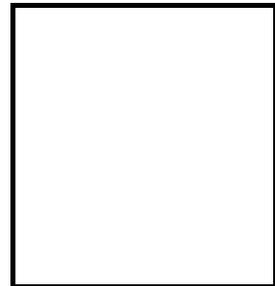


James R. Deutsch
Director
Reclamation Division
Public Service Commission



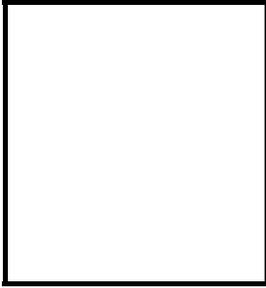
Governor
Ted Strickland

Ohio



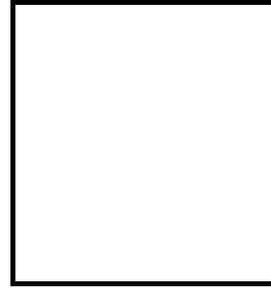
John Husted
Chief
Division of Mineral
Resources Management

Commissioner



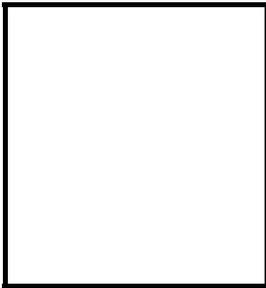
Governor
Brad Henry

**Commissioner's Official
Representative**



Robert A. Wegener
Secretary of Energy

Oklahoma

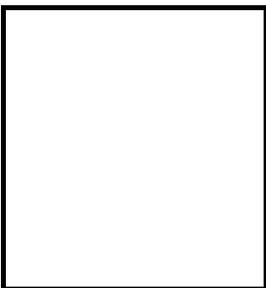


Governor
Edward G. Rendell



J. Scott Roberts
Deputy Secretary
Department of
Environmental Protection

Pennsylvania



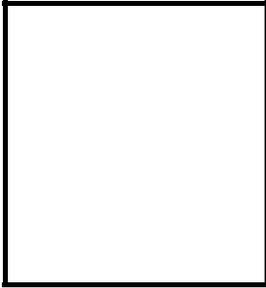
Governor
Mark Sanford



R. Craig Kennedy
South Carolina
Mining Council

South Carolina

Commissioner



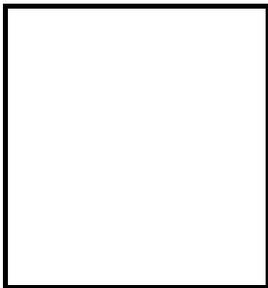
Governor
Phil Bredesen

Tennessee

Commissioner's Official Representative

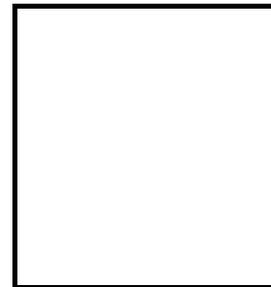


James H. Fyke
Commissioner
Department of
Environment and
Conservation

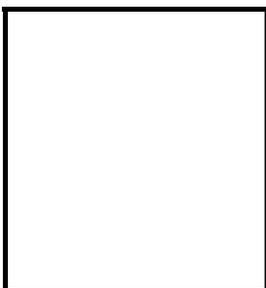


Governor
Rick Perry

Texas

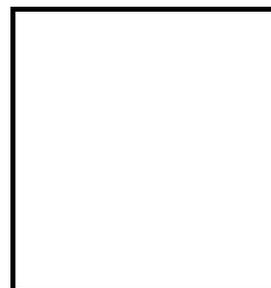


Michael L. Williams
Commissioner
Railroad Commission
of Texas



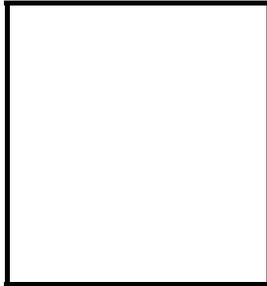
Governor
Bob McDonnell

Virginia



Bradley C. (Butch)
Lambert
Deputy Director
Department of Mines,
Minerals and Energy

Commissioner



Governor
Joe Manchin III

West Virginia

**Commissioner's Official
Representative**

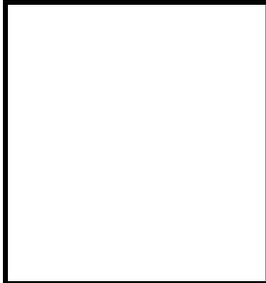


Randy Huffman
Cabinet Secretary
Department of
Environmental Protection

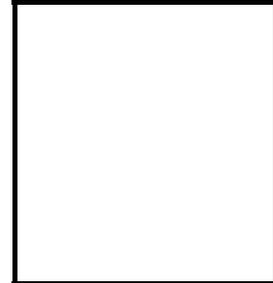
2010 Associate Member States

Commissioner

Commissioner's Official Representative

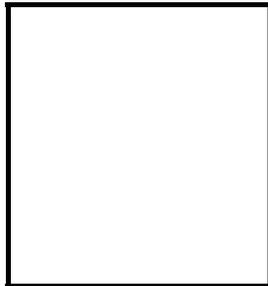


Alaska

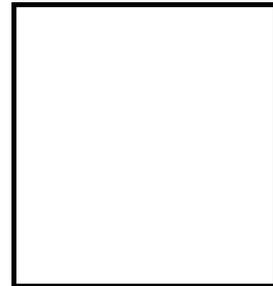


Governor
Sean Parnell

Dick Mylius
Acting Director
Division of Mining, Land
and Water

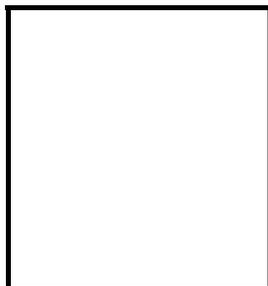


Colorado

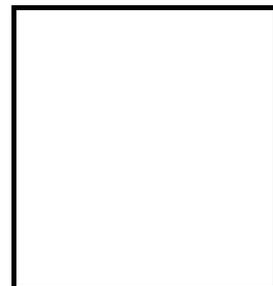


Governor
Bill Ritter, Jr.

Loretta Pineda
Director, Div. of
Reclamation, Mining &
Safety, Dept. of Natural
Resources



New Mexico

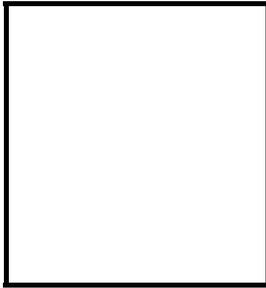


Governor
Bill Richardson

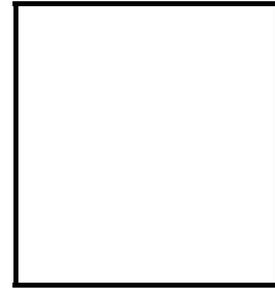
Bill Brancard
Director, Div. of Minerals
& Mining
Dept. of Energy, Minerals
& Natural Resources

Commissioner

Commissioner's Official Representative

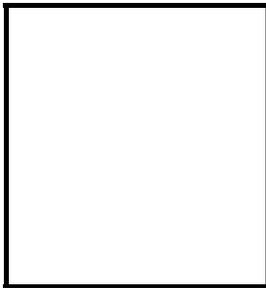


Utah



Governor
Gary R. Herbert

John Baza
Director
Division of Oil, Gas &
Mining



Wyoming



Governor
Dave Freudenthal

John Corra
Director
Department of
Environmental Quality

2011 Commissioners and Their Representatives

2011 Commissioners

Maryland

Governor Martin O'Malley – Chairman

Indiana

Governor Mitchell E. Daniels Jr. – Vice Chairman

Texas

Governor Rick Perry – Treasurer

Alabama

Governor Robert J. Bentley

Arkansas

Governor Mike Beebe

Illinois

Governor Pat Quinn

Kentucky

Governor Steven L. Beshear

Louisiana

Governor Bobby Jindal

Missouri

Governor Jay Nixon

New York

Governor Andrew Cuomo

North Carolina

Governor Beverly Eaves Perdue

North Dakota

Governor Jack Dalrymple

Ohio

Governor John R. Kasich

Oklahoma

Governor Mary Fallin

Pennsylvania

Governor Tom Corbett

South Carolina

Governor Nikki Haley

Tennessee

Governor Bill Haslam

Virginia

Governor Robert F. McDonnell

West Virginia

Governor Earl Ray Tomblin

Associate Member States

Alaska

Governor Sean Parnell

Colorado

Governor John Hickenlooper

New Mexico

Governor Susana Martinez

Utah

Governor Gary R. Herbert

Wyoming

Governor Matt Mead

Commissioner's Official Representatives — 2011

Alabama

G. Thomas Surtees
Director
Department of Industrial
Relations

Arkansas

James Stephens
Chief
Surface Mining and
Reclamation Division
Department of
Environmental Quality

Illinois

Marc Miller
Director
Department of Natural
Resources

Indiana

Ron McAhron
Deputy Director
Department of Natural
Resources

Kentucky

Leonard K. Peters
Secretary
Energy and Environment
Cabinet

Louisiana

Dale Bergquist
Chief, Surface Mining
Section
Office of Conservation

Maryland

C. Edmon Larrimore
Program Manager
Department of the
Environment
Mining Program

Missouri

Sara Parker Pauley
Director
Department of Natural
Resources

New York

Matthew Podniesinski
Bureau of Research
Management & Development
New York State Department
of Environmental
Conservation

North Carolina

James D. Simons
State Geologist and Director
Division of Land Resources
Department of Environment
and Natural Resources

North Dakota

James R. Deutsch
Director, Reclamation
Division
Public Service Commission

Ohio

David Mustine
Director
Department of Natural
Resources

Oklahoma

Robert A. Wegener
Secretary of Energy

Pennsylvania

Vacant

South Carolina

R. Craig Kennedy
South Carolina Mining
Council

Tennessee

Robert J. Martineau, Jr.
Commissioner
Department of Environment
and Conservation

Texas

Vacant

Virginia

Butch Lambert
Deputy Director
Department of Mines, Minerals
and Energy

West Virginia

Randy Huffman
Cabinet Secretary
Department of Environmental
Protection

Associate Member States

Alaska

Vacant

Colorado

Loretta Pineda
Director
Division of Reclamation, Mining
& Safety
Department of Natural Resources

New Mexico

Vacant

Utah

John Baza
Associate Director, Mining
Utah Division of Oil, Gas &
Mining

Wyoming

John Corra
Director
Department of Environmental
Quality



Interstate Mining Compact Commission

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Wyoming

EXECUTIVE DIRECTOR

GREGORY E. CONRAD

May 24, 2012

MEMORANDUM

TO: All Commissioners; All IMCC Committee Members

FROM: Gregory E. Conrad, Executive Director

RE: Minutes of Executive Commission and Standing Committee Meetings Held During IMCC's 2012 Annual Meeting in Asheville, North Carolina

Enclosed are copies of the minutes of the Executive Commission Business Meeting held in conjunction with the 2012 Annual Meeting in Asheville, North Carolina. Minutes of all other standing committee meetings held in Asheville are attached as "Committee Reports" to the minutes of the business meeting. Please review all of these documents and let us know if there are any corrections, revisions or additions. Should you have any questions regarding the minutes or any of the issues raised therein, or should you require copies of any of the documents referred to in the minutes that are not already attached, please contact us. Also, please keep in mind that the minutes memorialize, in summary fashion, the official actions of the Compact and may be useful to brief senior management concerning the activities of the organization. The Executive Director's report should be particularly helpful in this regard. Also included with the minutes is a dues assessment chart for FY 2014 and 2015 which may be helpful for your accounting/budget departments.

Enclosures



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EXECUTIVE DIRECTOR

GREGORY E. CONRAD

MINUTES

Executive Commission Business Meeting Wednesday, May 2, 2011 – 10:00 A.M. The Biltmore DoubleTree Hotel – Asheville, NC

The IMCC Executive Commission business meeting was called to order at 11:30 a.m. by Bruce Stevens of Indiana behalf of the Commission's Chairman, Governor Mitch Daniels. A copy of the agenda and a list of attendees are attached.

I. Roll Call of the Member States

The Chairman requested that Beth Botsis, IMCC Director of Programs, call the roll of the member states. Twenty one of the 24 member states were in attendance, which constituted a quorum. The state of New York participated via conference call.

II. Approval of Minutes of October 19, 2011 Business Meeting

A motion was made and seconded that the minutes of the October 19, 2011 Business Meeting held in Point Clear, AL be approved. The minutes had previously been distributed to the member states. The motion was unanimously approved.

III. Executive Director's Report

The Chairman called on Greg Conrad, Executive Director of the Commission, to give a report regarding the activities of the Compact. A copy of his report is attached. Mr. Conrad provided an overview of the many significant activities for the Compact that had transpired over the past several months, noting that this continued to be one of the most active periods for the Compact in many years. He also reported on recent activities regarding membership development efforts. In the interest of time, the Executive Director encouraged the states to review the report and to utilize to report to others in the state who may have in interest in the work of IMCC.

IV. Standing Committee Reports

It was moved and seconded that all actions of the IMCC Standing Committees, which met at various times throughout the Annual Meeting, be approved. The motion passed unanimously. Copies of the minutes of the Committee meetings are attached and incorporated herein. During discussion, several additional concerns were raised by the states as follows:

- Oklahoma provided an update on litigation challenging a Ten-Day Notice (TDN) issued by the Office of Surface Mining to the state regarding approximate original contour requirements. IMCC plans to participate as amicus curiae in the litigation as it develops. The Commonwealth of Virginia had originally planned to prepare the amicus brief for IMCC but instead has opted to submit a brief of its own in the litigation. IMCC will be requesting another member state to assist with the brief. TDNs are regularly being issued in other states, as are lawsuits challenging various aspects of state programs, generally led by the Sierra Club. There is the potential for IMCC to be asked to weigh in on some of these matters.
- Virginia reported on recent litigation involving a landholding company that has undertaken abandoned mine land work on behalf of the state.
- Alaska reported on recent activity concerning the Pebble Mine project near Bristol Bay in which EPA is requesting a preemptive veto of all permits within a 15 million acre watershed that encompasses the Pebble Mine.
- West Virginia reported on its bond forfeiture litigation and the permitting issues associated with the reclamation of these sites. EPA is developing a new rule related to water quality that may have an impact on these permits.

V. Report of Strategic Planning Committee; Executive Director Performance Goals

Butch Lambert of Virginia reported on the work of the Strategic Planning Committee, which recently completed work on a revised strategic plan for IMCC. A copy of the revised strategic plan is attached. As a companion to the strategic plan, a list of performance goals for the Executive Director for Evaluation Year (EY) 2013 was also presented, which align with the strategic plan. A copy of those goals is attached. Following brief discussion and a few adjustments, it was moved and seconded that the revised strategic plan and the Executive Director's performance goals for EY 2013 be approved. The motion passed unanimously.

During discussion, the Executive Director returned to the previous discussion regarding the future of IMCC, especially with respect to succession planning and organizational priorities. He indicated that, as part of our consideration of IMCC's financial health, it is also important to focus on the extent to which IMCC may need to expand either its staff or the use of outside assistance (from contractors or states themselves) to address the panoply of new issues and initiatives that are anticipated under IMCC's revised strategic plan. He also noted that IMCC does not have a clear succession plan in mind and that the time is ripe for beginning a process to

develop that plan. It was therefore suggested that the Executive Director develop a transition plan for presentation to the member states that addresses these matters. The plan should be accompanied by detailed job descriptions for IMCC's employees and an analysis of IMCC workload and priorities. The Ad Hoc Committee was tasked with reviewing this plan as part of its work.

VI. Future IMCC Meetings

Beth Botsis reported on future IMCC meetings. The 2012 Mid-Year meeting will be held at the Blackthorn Hotel in downtown Chicago on October 11 and 12. Beth reminded the member states that these dates encompass a Thursday and Friday, which provided the Compact with the best conference rates from the competing hotels. The 2013 Annual Meeting will be held in Ohio, more than likely in downtown Cincinnati. The 2013 Mid-Year meeting will be held in Austin, Texas. The site for the 2014 annual meeting is yet to be determined. Should Nevada enter as an associate member state, we will likely hold the meeting in Nevada. Otherwise, we are considering New Mexico.

VII. Other Issues of Concern to the Member States

It was suggested that IMCC reconsider its "open meeting" protocols with regard to the participation of outside parties at all IMCC meetings. Concern was voiced about some of the discussions and involvement by certain parties at this year's annual meeting and that IMCC should consider establishing more specific protocols for this type of participation. The Executive Director was tasked with exploring possible amendments to the by-laws to address the matter.

There being no other business to come before the Commission, the meeting was adjourned at 12:30 p.m.

Attachments



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EXECUTIVE DIRECTOR

GREGORY E. CONRAD

Agenda

Executive Commission Business Meeting

Wednesday, May 2, 2012 — 10:00 A.M.

The Biltmore DoubleTree Hotel – Asheville, NC

- I. Roll Call of the Member States
- II. Approval of Minutes of October 19, 2011 Business Meeting in Point Clear, AL
- III. Executive Director's Report
- IV. Approval of Standing Committee Action Items
 - Discussion of and Action on Unresolved Issues
- V. Report of Strategic Planning Committee; Executive Director Performance Goals
- VI. Future IMCC Meetings
 - 2012 Mid-Year Meeting – October 11 and 12; Blackthorn Hotel – Chicago
 - 2013 Annual Meeting – Ohio
 - 2013 Mid-Year Meeting – Texas
 - 2014 Annual Meeting – Location TBD
- VII. Other Issues of Concern to the Member States (Adjourn by Noon)

"Serving the States for Over 40 Years"

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|-------------------|---|--|
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| John Caudle | TX REC | 512.463.6901 john.caudle@rec.state.tx.us |
| Jordi Carey | MOE - Bureau of Mines | 321-689-1442 jcarey@state.mt.us |
| Brian Withler | Alabama Dept. of Industrial Relations | 334-242-8265 brian.withler@dir.alabama.gov |
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EXECUTIVE DIRECTOR

GREGORY E. CONRAD

Executive Director's Report on Activities of the Compact and Performance Goals

The following is a report on recent activities of the Interstate Mining Compact Commission (IMCC) during the period October 15, 2011 – April 27, 2012, as well as a report on the Executive Director's performance goals for Evaluation Year 2012 (April 1, 2011 – April 1, 2012). For presentation purposes, the report is organized by performance goal.

OVERVIEW

The reporting period was devoted primarily to congressional oversight hearings on federal agency budgets and initiatives, as well as the revision of IMCC's strategic plan. The already intense budget and appropriations processes have been further complicated by the ever-burgeoning deficit. Proposals have been advanced once again by the Administration to address the deficit with a combination of spending cuts to discretionary programs and reform of the abandoned mine lands (AML) program. Congressional interest continues regarding several pending rulemaking efforts by the Administration in the areas of coal combustion residuals, financial responsibility for hardrock mines, stream protection and related water quality requirements for coal mines. The Interior Department also proposed a consolidation of the Office of Surface Mining within the Bureau of Land Management in an effort to realize various cost and administrative efficiencies. This has played out in congressional oversight hearings, legislation and riders on appropriations bills to restrict funding for some of these efforts.

Benchmarking Activities

(Performance Goal: Develop benchmarking/roundtable opportunities for the member states.)

IMCC received \$15,000 for the development of future benchmarking workshops pursuant to its contract with the Office of Surface Mining (OSM). Pursuant to the terms of the contract, IMCC sponsored and facilitated a benchmarking workshop on mine mapping on February 15 and 16, 2012 in Pittsburgh. A total of 75 state and federal agency personnel attended the workshop, which received an overall rating of 4.5 out of 5 for quality. IMCC also received \$5,000 from the Mine Safety and Health Administration (MSHA) toward the expenses associated with the workshop. A steering committee consisting of state and federal agency personnel met on several occasions during the period to develop the program for the workshop, including conference calls

on July 28, August 4, August 17, September 14, November 10, December 7, 2011 and January 24, 2012.

Member State Development Efforts

(Performance Goal: Retain current member states and pursue additional member states.)

IMCC staff spent a considerable amount of time during the period working with associate member states to pursue legislation bringing them in as full members of the organization. With the assistance of IMCC's legal advisor (Richard Morrison of Pennsylvania), IMCC staff researched approaches used by various states to enter other compacts, including the Interstate Oil and Gas Compact Commission. Compact legislation for each of the IMCC member states and for several IOGCC member states was gathered and analyzed for potential legislative approaches that would effectuate full membership without the extensive requirements required under the traditional approach used by IMCC member states in the past. IMCC staff also researched the law attending interstate compacts to determine appropriate methods for bringing states into compacts, including a webinar on interstate compacts sponsored by the Council of State Governments. A legal memorandum regarding compact enabling legislation was sent to all of the associate member states on September 1, 2011 addressing the matter.

IMCC has worked closely with the state of Alaska in developing draft compact legislation, which was ultimately introduced in both the House and Senate of the Alaska legislature in February. IMCC testified via teleconference at four legislative committee hearings in the Alaska House and Senate during March and April of 2012 and was available to answer questions during various committee meetings this same time period. IMCC also work with the state of Utah to draft compact legislation for consideration by its legislature. As part of these efforts, IMCC also researched the question of whether compact member states must require the establishment and use of advisory bodies as a prerequisite to compact membership and prepared a legal opinion on the matter following input from the current member states regarding their use of advisory bodies both in general and pursuant to their compact law. IMCC met with officials from the state of Nevada on October 10, 2011 to discuss compact membership. This was followed by a presentation to and meeting with the Nevada Commission on Mineral Resources on February 27, 2012, at which time the Commission voted to recommend that the state pursue membership in IMCC as an associate member. A follow up conference call with Nevada agency officials was held on March 28, 2012. IMCC also held a conference call with the state of New York on November 14, 2011 to discuss the state's dues assessment.

Federal Grants

(Performance Goal: Pursue potential federal grants/contracts with federal agencies.)

IMCC received additional money from OSM for the IMCC benchmarking contract. MSHA also provided money to IMCC for expenses associated with the benchmarking workshop on mine mapping. OSM also continues to provide limited travel assistance for those states that require such assistance in order to attend the benchmarking workshops. OSM paid for 9 states to attend the benchmarking workshop on mine mapping in Pittsburgh. IMCC's work pursuant to our COALEX contract with OSM terminated in FY 2012.

IMCC Meetings

(Performance Goal: Develop and facilitate at least two meetings of the member states regarding issues of concern.)

The IMCC 2011 Annual Meeting was held in Wheeling, West Virginia from April 3 - 6, 2011 during which all of the IMCC Standing Committees met and a business meeting of the Executive Commission was held. The IMCC 2012 Annual Meeting will be held from April 29 - May 2 in Asheville, North Carolina.

The IMCC Mine Safety and Health Committee met via conference call on April 27, 2011 to review and develop an agenda for a meeting with the Mine Safety and Health Administration on May 11, 2011 in Triadelphia, West Virginia regarding mine emergency response. IMCC staff also met via conference call on April 11, 2011 with MSHA officials to discuss the meeting. During the May 11th meeting, IMCC signed a memorandum of understanding with MSHA regarding our working relationship with MSHA. In addition to several presentations at the meeting on mine emergency response, there were also hands-on demonstrations regarding MER equipment being used in the field by both MSHA and the states. A conference call of the member states was held on February 13, 2012 to discuss the development of memoranda of understanding between MSHA and the states concerning the regulation of coal waste impoundments and refuse piles. IMCC met with MSHA via conference call on April 10, 2012, with 15 states and approximately 45 state and federal personnel participating. A number of state/federal issues were discussed and follow on meetings and conference calls are anticipated on several topics.

The IMCC Mid-Year Meeting was held on October 18 and 19, 2011 in Point Clear, Alabama, during which all of the IMCC Standing Committees met.

The IMCC Awards Committee will meet via conference call on March 22, 2012 to select winners of the IMCC National Reclamation awards. The IMCC Minerals Education Committee will meet via conference call on March 20, 2012 to select winners of the IMCC National Mineral Education awards.

Federal Funding for State Programs under SMCRA

(Performance Goal: Pursue efforts to maintain federal funding for state Title IV and V grants under SMCRA.)

IMCC testified at two hearings during the period concerning the proposed FY 2012 budget for the Office of Surface Mining (OSM). On April 7, 2011, the Energy and Mineral Resources Subcommittee of the House Natural Resources Committee held an oversight hearing on OSM's budget, at which Butch Lambert of Virginia (on behalf of IMCC) and Loretta Pineda of Colorado (on behalf of the National Association of Abandoned Mine Land Programs) testified with regard to concerns of the states and tribes. Following the hearing, a congressional staff briefing was held to discuss OSM's budget. On April 14, 2011, I testified before the House Interior Appropriations Subcommittee regarding OSM's FY 2012 budget.

With regard to the FY 2013 proposed budget for OSM, I testified at an oversight hearing by the Energy and Mineral Resources Subcommittee of the House Natural Resources Committee on March 6, 2012. I also testified at a hearing by the House Interior Appropriations Subcommittee on March 21, 2012. IMCC also prepared testimony for the National Association of Abandoned Mine Land Programs (NAAMLPL) which was presented by NAAMLPL President Madeline Roanhorse of the Navajo Nation on March 6th. IMCC also prepared a statement for the NAAMLPL that was submitted at the March 21st hearing. IMCC also filed statements on behalf of itself and NAAMLPL with the Senate Interior Appropriations Subcommittee and with the Senate Energy and Natural Resources Committee re OSM's FY 2013 budget.

During the period, IMCC also engaged in regular contacts with congressional staff to discuss the status of the budget and appropriations process. Near the end of September, 2011, the President unveiled his Deficit Reduction Plan, which contained several legislative proposals related to abandoned mine lands programs for both coal and hardrock. IMCC worked with the NAAMLPL to formulate positions on the proposals and communicated those proposals to the Joint Special Committee on Deficit Reduction (e.g. the "Supercommittee") via joint letter dated October 24, 2011.

A conference call of both IMCC and NAAMLPL member states and tribes was held on July 27, 2011 to discuss potential legislation to address limited liability protections for states and tribes who are certified under Title IV of SMCRA. That legislation (S. 1455) was introduced by Senator Tester (D-MT) in early August. IMCC staff worked with Senator Tester's staff and with committee staff from the Senate Energy and Natural Resources Committee to review and draft legislative language.

At OSM's request, IMCC conducted a survey of the states regarding cost recovery for permitting actions under SMCRA. The survey was submitted to OSM on May 3, 2011. We expect that OSM will be developing several proposals for cost recovery for submission to Congress and for potential rulemaking by the agency.

Good Samaritan and Hardrock AML Legislation

(Performance Goal: Monitor legislation re hardrock AML programs as part of Mining Law Reform, including Good Samaritan protections, working jointly with Western Governors' Association.)

The House Energy and Mineral Resources Subcommittee held an oversight hearing July 14, 2011 on "Abandoned Mined Lands: Innovative Solutions for Restoring the Environment, Improving Safety and Creating Jobs" at which Loretta Pineda testified on behalf of IMCC and NAAMLPL. The hearing served as the precursor to the development of legislation that will address several amendments to SMCRA concerning the use of unappropriated state share balances for noncoal work and for the acid mine drainage set-aside program, limited liability protections, and establishing a hardrock AML program. A legislative hearing will likely be scheduled on this legislation once it is introduced and both IMCC and NAAMLPL have been asked to testify. The legislation is also expected to address Good Samaritan protections for those who do hardrock AML cleanups. Following the hearing on July 14, IMCC visited with Senator Mark Udall's staff to discuss Good Samaritan

legislation. IMCC also participated in a conference call on January 19, 2012 with several Pennsylvania watershed groups to discuss the potential for Good Sam legislation in the second session of the 112th Congress.

On February 17, 2012, the House Energy and Mineral Resources Subcommittee held a legislative hearing on H.R. 785, which would authorize states and tribes to use their unappropriated state and tribal share balances for noncoal reclamation work and for the acid mine drainage set-aside account. IMCC testified at the hearing. IMCC also submitted a statement at a legislative hearing on S. 897 (a companion measure to H.R. 785) on May 18, 2011. S. 897 passed the Senate in July, 2011 and the House Natural Resources Committee approved H.R. 785 on February 22, 2012.

In a related development, the Interior Department announced in October of 2011 the potential consolidation of the Office of Surface Mining within the Bureau of Land Management. A congressional hearing on the proposed consolidation was held on November 17, 2011 by the Senate Energy and Natural Resources Committee, at which Butch Lambert of the Virginia Department of Mines, Minerals and Energy testified on behalf of IMCC. A conference call of the member states was held on November 8, 2011 to brief the states on the consolidation and to seek input for the testimony. A conference call was held on November 14, 2011 with the two state witnesses (Mr. Lambert and John Corra of Wyoming) to coordinate testimony. A conference call to further discuss the status of the consolidation was held with the member states on January 11, 2012, in preparation for a series of public meetings on the proposal. IMCC testified at the public hearing on January 30, 2012 in Washington, DC and submitted formal written comments on the proposal on that same date. IMCC also developed briefing materials and talking points for the states to use at the various field hearings. The final report on the consolidation was released by the Secretary of the Interior on March 13, 2012 and was provided to the states via IMCC memo of March 14.

IMCC has been actively involved in the development by the U.S. Environmental Protection Agency of a proposed rule under Section 108(b) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) regarding financial assurance requirements for the hardrock mining sector. A conference call of interested and affected states was held with EPA on April 13, 2011 to discuss the status of the rulemaking. In preparation for the meeting, a conference call of state attorneys general was held on April 11, 2011 to discuss several presentations that would be made during the April 13th conference call regarding existing state financial responsibility programs and issues surrounding federal preemption of state programs. EPA also sponsored a webinar to discuss the rule on June 15, 2011, at which IMCC participated. Following the webinar, IMCC sent a memo to EPA on June 23, 2011 articulating our concerns with the rule development process and the proposed rule. IMCC is awaiting the release of several reports from EPA regarding state financial assurance requirements and has had regular contacts with EPA staff regarding the status of these reports and the EPA rule.

Annual Report and Audit

(Performance Goal: Publish 2010 Annual Report and FY 2011 Audit)

The IMCC Annual Report for 2010 was published in September of 2011 and distributed to all of the member states and other interested parties. The FY 2011 audit was

conducted on August 3, 2011 and the auditor's report was provided to all of the member states via e-memo of August 17, 2011.

IMCC Attendance and Participation at National Meetings

(Performance Goal: Monitor and where appropriate respond to key issues of interest to the member states, including mine placement of coal combustion by-products; financial assurance for hardrock mining; AML issues related to coal and noncoal; mine safety and health; OSM rulemakings; water quality issues; and technical transfer and training issues.)

During the period, IMCC attended and participated in several national meetings and/or conference calls, as follows:

- IMCC continues its involvement as a member of OSM's National Technology Transfer Team (NTTT). Conference calls were held on May 3, June 28, August 16, October 5, and December 8, 2011 and January 18 and March 1, 2012. IMCC attended the annual meeting of the NTTT from March 28 – 30, 2012 in Pittsburgh, during which potential applied science projects for FY 2012 were selected.
- IMCC continues to play a lead role with regard to the work of the Acid Drainage Technology Initiative (ADTI). Nick Schaer of West Virginia is IMCC's representative on the ADTI Operations Committee and Coal Sector. Conference calls of ADTI were held on May 23, 2011 and February 13, 2012. The annual meeting of the Coal Sector of ADTI was held on March 28 in Morgantown, WV.
- IMCC attended the annual conference of the National Association of Abandoned Mine Land Programs in Lake Tahoe, California October 9 -12, 2011. IMCC presented a paper at the plenary session regarding "Key Legislative and Regulatory Challenges Facing Today's AML Program Manager" and also provided several updates and briefings at the meeting regarding OSM's budget, pending AML legislation, Good Samaritan legislation, Mining Law reform, OSM's and EPA's proposed coal ash rules, and federal oversight of state programs. IMCC also coordinated several conference calls with the Association during the period and worked with the leadership of the organization regarding testimony on pending legislation. IMCC also attended the Winter Meeting of the NAAML on February 27 and 28 in St. George, Utah and provided several updates on pending legislative and regulatory issues.
- IMCC participated in the Western regional OSM/States meeting held on August 9 and 10, 2011 in Denver, at which several key regulatory, technical and policy issues were discussed.
- IMCC helped to coordinate and participated in the Appalachian regional OSM/States meeting held on June 1 and 2, 2011 in Cincinnati, at which several key regulatory, technical and policy issues were discussed.
- IMCC helped to coordinate and participated in the Mid-Continent regional OSM/States meeting held on June 21 and 22, 2011 in St. Louis, MO, at which several regulatory, technical and policy issues were discussed.
- IMCC is participating as part of a Steering Committee planning the next Indiana Bat forum by OSM. Conference calls were held on June 7, July 13, September 14, and November 22 of 2011 and January 24 and April 3 of 2012. IMCC continues its role as a member of the state/federal task group that is overseeing the development and

implementation of Indiana Bat Guidelines. A conference call of the leadership of this group was held on December 2 to discuss a survey about how the guidelines are working. IMCC distributed the survey to all of the states and provided a summary of the responses to OSM. The leadership group met again via conference call on April 12 to discuss next steps in the process of potentially revising the guidelines to reflect input received in response to the survey.

- IMCC participated in an oversight field hearing conducted by the Energy and Mineral Resources Subcommittee of the House Natural Resources Committee on September 26, 2011 in Charleston, WV regarding OSM's stream protection rule and its impacts on jobs. IMCC helped to coordinate the testimony of the three state witnesses from West Virginia, Virginia and Wyoming. Conference calls were held on September 16 and 21, 2011. IMCC submitted a statement for the record of the hearing on October 5, 2011.
- IMCC coordinated and facilitated a conference call between OSM and the states on August 3, 2011 regarding a potential proposed rule by OSM regarding placement of coal combustion residues (CCRs) in mines. IMCC followed up with a memorandum to OSM on August 30, 2011 regarding suggested approaches for the potential rule. As part of its outreach effort, IMCC submitted a letter to OSM on June 30, 2011 regarding OSM's plans for the development of a proposed rule expressing the states' concerns with the rule.
- IMCC met with a delegation of Chinese mining officials on April 18, 2011 in Fairfax, VA to present an overview of U.S. mining regulations from the states' perspective.
- IMCC met via conference call with officials from the General Accountability Office on June 29, 2011 to discuss uranium mining regulations in the U.S., with a focus on abandoned mine land reclamation.
- IMCC continues its work with the Geomine prototype steering committee that is responsible for developing a geospatial database for surface coal mining permits, including a pilot project for testing the database effort. A conference call of the leadership team for this effort, which includes IMCC, was held on March 1, 2012 to discuss next steps in the ongoing effort.
- IMCC met with officials from the U.S. Geological Survey on March 1, 2012 to discuss the availability of data from the states concerning critical and strategic minerals.
- IMCC met via conference call with representatives from the Interior Department on March 5, 2012 to discuss the Extractive Industries Transparency Initiative (EITI), which is designed to improve transparency and accountability in resource rich countries. EITI was interested in the types and amounts of data available from the states regarding royalty payments and severance taxes associated with mineral development.
- IMCC participated in a retirement recognition for Sarah Donnelly of OSM on January 18, 2012, at which time IMCC presented Sarah with a gift and a resolution recognizing her work on behalf of the states.
- IMCC met via conference call on February 8, 2012 with the state of Oklahoma and other interested parties regarding pending litigation challenging the issuance of a Ten-Day Notice to Oklahoma regarding approximate original contour requirements. IMCC has been requested to participate in the case as amicus curiae. IMCC sent a memo and briefing paper to the member states on February 13 seeking permission to

participate as amicus. The states approved doing so and the Commonwealth of Virginia has volunteered to prepare the brief for IMCC, working with IMCC staff.

- IMCC met with staff of the Western Governors' Association on February 21, 2012 to discuss several pending issues that affect the western mining states.

During the period, and in addition to those mentioned above, IMCC submitted the following comments and/or letters:

- IMCC testified at a public hearing on June 15, 2011 conducted by the Mine Safety and Health Administration on a proposed rule regarding mine examinations. Written comments on the rule were submitted to MSHA on July 29, 2011.
- IMCC submitted a written statement concerning the FY 2012 budget request by the Mine Safety and Health Administration to the Labor, Health and Human Services, Education and Related Agencies Subcommittees of the House and Senate Appropriations Committees on March 5, 2011. IMCC submitted similar statements on the FY 2013 budget proposal on March 26, 2012.
- A letter was sent to OSM on April 15, 2011 as a follow up to the annual meeting in Wheeling, West Virginia regarding OSM's draft EIS on stream protection and OSM's anticipated proposed rule on CCRs.

Review IMCC Programs and Initiatives

(Performance Goal: Review and potentially revamp key IMCC programs and initiatives.)

IMCC is now distributing our quarterly newsletter via e-mail. Our membership directory is now maintained on our website (where it is kept up to date). IMCC continues to explore web services for conducting conference calls and for video conferencing as an alternative to face-to-face meetings.

A major effort during the latter part of 2011 and early 2012 was the development of revisions to IMCC's strategic plan. A task group (consisting of VA, NC, AK, UT, AR and OH) was formed to work with the Executive Director in developing new goals, strategies and measures. A revised plan will be sent to the member states for their review prior to the annual meeting in Asheville. Conference calls of the task group were held on November 30, December 13, 2011 and January 26, and March 2, 2012.

Clearinghouse for Information and Data Requests

(Performance Goal: Serve as a collection point and clearinghouse for information or data requests from the member states on issues of concern.)

During the period, IMCC conducted several surveys of the states. Two surveys were conducted for the Office of Surface Mining: one on cost recovery for permitting actions under SMCRA and another on state regulatory requirements regarding mine placement of coal combustion residues (CCRs). A survey was conducted for the state of Illinois regarding

reporting of water quality excursions under applicable water quality laws concerning surface water discharges. A survey was conducted for the Commonwealth of Virginia regarding the status of state work plans under OSM's annual oversight review. A survey was conducted for the state of Louisiana concerning EPA's cross-state air pollution rule and the potential impact on coal mining operations. A survey of the states was also conducted as part of IMCC's benchmarking workshop on mine mapping to receive input from potential participants. IMCC also conducted a survey for OSM regarding the implementation and use of the Indiana Bat guidelines.

Revised IMCC Strategic Plan

GOAL: *Improve methods for communication with and information exchange among the member states (and state government organizations) to enhance state regulatory program implementation.*

Strategies:

- Publish e-newsletters each year
- Prepare and distribute minutes of all commission and standing committee meetings
- Prepare and distribute e-memos on a regular basis regarding topics of interest and concern for the member states
- Pursue development of e-alerts/issue tracking system to be included on IMCC website or sent electronically
- Hold benchmarking workshop/roundtable discussion
- Hold national/regional state forum, with a focus on noncoal topics
- Update IMCC webpage on a monthly basis
- Hold conference calls as necessary to brief the member states and seek input on critical, time-sensitive issues
- Initiate and follow through with special studies on topics of interest identified by the member states
- Publish the annual report of Compact
- Update membership directory regularly on IMCC website
- Pursue opportunities to advance the goals and objectives of the Compact by establishing partnerships and coordinating activities with like-minded state government organizations, including the National Association of Abandoned Mine Land Programs; the Western Interstate Energy Board; the Western Governors Association; the National Association of State Mine Inspection Agencies; the American Association of State Geologists; the Association of State and Territorial Solid Waste Management Officials; the Environmental Council of the States; the National Association of State Land Reclamationists; and the National Governors Association.

Measures:

- Number of communications distributed, including at least two e-newsletters and six e-memos each year
- Number of partnerships maintained or entered into with other agencies/organizations
- At least one joint meeting per year with like-minded agencies/organizations
- Track participation by member states in meetings and conference calls
- Hold at least two interactive workshops or roundtables each year (e.g. benchmarking or regional)

GOAL: *Enhance existing working relationships with federal government agencies and Congress to effectively communicate state positions on key issues and to foster partnerships.*

Strategies:

- Meet regularly with congressional staff from the committees of jurisdiction (House Natural Resources; Senate Energy and Natural Resources) and the appropriations committees in the House and Senate to discuss IMCC concerns, ideally with IMCC member state representatives
- Communicate on a regular basis with congressional staff via phone and e-mail regarding issues of concern
- Meet regularly with appropriate agency staff from the Mine Safety and Health Administration and the U.S. Department of the Interior and/or its various bureaus to discuss issues of concern to the member states, ideally with IMCC member state representatives.
- Meet when necessary with appropriate agency staff from the U.S. Environmental Protection Agency and the U.S. Army Corps of Engineers to discuss issues of concern to the member states, ideally with IMCC member state representatives.
- Communicate on a regular basis with federal agency personnel via phone and e-mail to pursue issues of concern to the member states.

Measures:

- Number of contacts and types made with congressional staff (including at least two meetings/briefings)
- Number of contacts and types made with other federal agencies (including at least two meetings)
- Executive Director develops and distributes concise IMCC resolutions and/or position papers on emerging issues and legislation to key state and federal decision-makers in advance of congressional or federal agency actions/initiatives

GOAL: *Advance the organizational, institutional, financial and administrative integrity of IMCC. Pursue additional member states and retain existing member states.*

Strategies:

- Meet with potential new member states. Follow up with phone calls and e-mails.
- Meet with each associate member state to discuss compact legislation for bringing the state into the compact as a full member. Perform all necessary follow up research and information to facilitate membership.
- Contact each current full member state regarding status of compact membership.
- Work toward the membership of all major mineral-producing states as members of the Compact
- Conduct annual audit
- Meet with IMCC Finance and Administrative Committee to review financial condition, compensation and benefits programs and strategic plan
- Review all benefits programs annually
- Evaluate internal administrative processes for potential improvement
- Pursue opportunities to leverage funding from federal government sources to support Compact goals and objectives and advance state regulatory programs and state/federal partnerships.
- Develop and distribute a survey to the member states to identify and improve Compact services and operations

Measures:

- Number of funding opportunities obtained
- Perform survey every two years and distribute results
- Add at least one full member state every five years
- Meet with IMCC Finance and Administrative Committee at least two times in person, via e-mail or via conference call

Performance Goals for the Executive Director for EY 2013

GOAL: Improve Methods for Communication with and Information Exchange among the Member States (and State Government Organizations) to Enhance State Regulatory Program Implementation

MEASURES:

- Number of communications distributed, including at least two e-newsletters and six e-memos each year
- Number of meetings with or partnerships entered into with other agencies/organizations
- At least one joint meeting per year with like-minded agencies/organizations
- Track participation by member states in meetings and conference calls
- Hold at least two interactive workshops or roundtables each year (e.g. benchmarking or regional)

GOAL: Enhance Existing Working Relationships with Federal Government Agencies and Congress to Effectively Communicate State Positions on Key Issues and to Foster Partnerships

MEASURES:

- Number of contacts and types made with congressional staff (including at least two meetings/briefings)
- Number of contacts and types made with federal agencies (including at least two meetings)
- Executive Director develops and distributes concise IMCC resolutions and/or position papers on emerging issues and legislation to key state and federal decision-makers in advance of congressional or federal agency actions/initiatives

GOAL: Advance the organizational, institutional, financial and administrative integrity of IMCC. Pursue additional member states and retain existing member states.

MEASURE:

- Number of funding opportunities obtained
- Perform survey of member states every two years and distribute results
- Add at least one full member state every five years
- Meet with IMCC Finance and Administrative Committee at least two times in person, via e-mail or via conference call



Interstate Mining Compact Commission

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GOV. RICK PERRY
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GOV. PAT QUINN
Illinois, Treasurer

GOV. ROBERT J. BENTLEY
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West Virginia

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New Mexico

GOV. GARY R. HERBERT
Utah

GOV. MATT MEAD
Wyoming

EXECUTIVE DIRECTOR

GREGORY E. CONRAD

MINUTES

Joint Meeting of the Resolutions Committee and the

Finance and Administrative Committee

Wednesday, May 2, 2012 – 9:00 A.M.

The Biltmore DoubleTree Hotel – Asheville, NC

A joint meeting of the Resolutions and Finance and Administrative Committees was called to order by Bruce Stevens of Indiana at 9:00 a.m. A copy of the agenda is attached, as is a list of attendees.

I. Action on Pending and/or Proposed Resolutions

There were several resolutions offered for consideration by the Committee. The first resolution recognized and thanked Tracy Davis and his staff for all their assistance in helping with the annual meeting. A second resolution thanked Secretary Dee Freeman of the North Carolina Department of Environment and Natural Resources for the welcoming address during the Opening Session. A third resolution thanked Jim Simons of North Carolina for serving as the master of ceremonies during the annual awards banquet. A final resolution recognized and thanked the various speakers throughout the annual meeting. It was moved and seconded that all resolutions be approved. The motion passed unanimously. Another resolution recognizing Jim Simons as he retires from state government service had previously been approved by the Commission and was presented to Mr. Simons during the awards banquet. Copies of all the resolutions are attached to these minutes. There being no further business to come before the Resolutions Committee, this meeting was adjourned.

II. Update on Current Financial Condition

At this juncture, the Finance and Administrative Committee meeting was called to order by chairman Scott Fowler of Illinois who called upon Greg Conrad for an update on the Compact's current financial condition. Mr. Conrad noted that, with respect to the revenue line items, all dues assessments have been paid in full except for New York. IMCC also recognized revenue from two federal grants associated with its benchmarking workshop on mine mapping: \$15,000 from the Office of Surface Mining and \$5,000 from the Mine Safety and Health Administration. Most of that money was used to defray expenses associated with the

workshop. With regard to expenses, the compact is currently within budget on all line items. However, the compact did need to replace both of its computers in April, which resulted in an unexpected expense for both the equipment and the transfer of data and networking in the amount of about \$2,500. IMCC may also need to replace its copier very soon, which may cost in the area of \$10,000. The current copier is ten years old and parts are no longer available. This will be a capital expense and will be paid for out of our reserve.

III. Review and Approval of FY 2013 Budget

The Chairman then called upon Mr. Conrad to provide an overview of the proposed budget for Fiscal Year 2013, a copy of which had previously been provided to the Committee and tentatively approved during a conference call on March 26, 2012. A copy of the budget is attached. Mr. Fowler provided an overview of the staff performance reviews and compensation package for FY 2013, as approved by the Finance Committee during its March 26 conference call. A copy of the minutes from the conference call are available from IMCC. Following discussion, it was moved and seconded to approve the staff compensation package. The motion passed unanimously. It was then moved and seconded to approve the proposed budget for FY 2013. The motion passed unanimously.

During discussion, the question was raised about communications with Governors' offices regarding compact business and whether IMCC should be engaging to a greater extent with those offices beyond the submission of the annual report, the annual audit, and the call of the annual meeting. It was recommended that IMCC be strategic about these contacts based on the nature of the issues and the particular state's circumstances. Examples of issues where IMCC may need to be more directly involved with Governors' offices included membership issues, support for federal grants to states, and significant legislative issues.

IV. Review and Approval of Projected Budgets for FY 2014 and 2015

The Chairman then requested that Mr. Conrad provide an overview of the projected budgets for FY 2014 and 2015. Copies are attached. The projected budgets reflect an increase of 5% each year for staff compensation and benefits, subject to approval each year. The projected budgets serve as the basis for the dues assessments for those same fiscal years. A copy of the dues assessment chart for those years was also provided to the member states. This chart should be used for purposes of state budget preparation. Following discussion, it was moved and seconded to approve the projected budgets for FY 2014 and 2015. The motion passed unanimously.

During discussion, Craig Kennedy of South Carolina reported that he was informed by the state that it would be unable to pay its dues assessment for FY 2013 due to fiscal constraints being encountered by the state. He indicated that this decision may be coupled with a decision to withdraw from the Compact, but clarification was still being sought on the matter. [During a meeting with the Director of the South Carolina Department of Health and Environmental Control (DHEC) on May 14 attended by Mr. Kennedy and the Executive Director, it was

clarified that the state has no intention of withdrawing from the Compact but simply is unable to pay dues for FY 2013 from its budget, and perhaps into the future. DHEC will be working with IMCC and with the Mining Association of South Carolina to pursue potential solutions for the payment of dues. A copy of a letter regarding the situation is attached to these minutes.]

IV. Update on Membership Status and Dues Assessments

The Chairman requested updates from the associate member states regarding their recent efforts to enact or draft enabling legislation to bring them into the Compact as full members. Ed Fogels of Alaska reported on recent efforts to pass legislation to bring the state in as a full member. After several committee hearings and passage by the House, the measure stalled in the Senate at the very end of the session. The bill will be introduced in the next session and prospects are good for passage. A complete report on the Alaska experience is attached to these minutes. John Baza of Utah reported that the state is working on a draft of legislation and hopes to secure passage next year. Utah is working on a shorter version of Compact legislation and is hopeful that it will pass muster with IMCC. Colorado is re-initiating efforts this summer to review the potential for moving legislation in next year's legislative session. In this regard, David Berry of Colorado requested an extension of Colorado's associate membership in IMCC since the initial five year period was coming to an end. It was moved and seconded to extend Colorado's associate membership status. The motion passed unanimously. Nancy Nuttbrock of Wyoming reported that the state would definitely want to pursue a shorter version of enabling legislation to bring the state into the Compact and was encouraged by Utah's efforts to investigate this alternative approach. She also indicated that Wyoming would be willing to explore the idea of the state contributing a larger contribution toward the cost of associate membership should IMCC elect to pursue such an approach.

Mr. Conrad also reported that he held a meeting with the Nevada Mineral Resources Commission on February 27 to discuss membership. Following IMCC's presentation, the Commission voted unanimously to recommend to the Governor that Nevada join as an associate member. Mr. Conrad held a follow up conference call with staff from the Division of Minerals and the Nevada Division of Environmental Protection on March 28 to further discuss the protocol for approaching the Governor's office about associate membership.

Following updates from the associate members, discussion turned to the question of the states' ability to pay dues assessments, based on recent experiences with New York and South Carolina. An overview of the financial health concerns of the Compact prepared by the Executive Director was provided to the member states, a copy of which is attached to these minutes. The memo also raises concerns about institutional priorities, which are often related to finances. Following a short discussion of the matter, it was suggested that a more defined, deliberate and concerted approach was needed and it was therefore moved and seconded that IMCC establish an ad hoc committee on financial and organizational integrity issues that could focus specifically on the dues assessment structure for both full and associate member states, on the ability of states to pay dues, and on related organizational issues such as the strategic plan,

priorities and succession planning. A motion to this effect was made and seconded and following discussion was approved unanimously. Member states volunteering to serve on the Ad Hoc Committee included TX, NY, VA, KY, SC, WV, TN, IN, NC, CO, UT and WY. It was also moved and seconded that IMCC engage outside legal counsel to review and provide recommendations concerning compact membership issues such as the use of short-form enabling legislation, changes to existing state laws involving the dues assessment formula (should it change), and amendments to by-laws. The motion passed unanimously. IMCC's reserve fund would be accessed to pay for these services should they be needed.

Finally, it was moved and seconded to approve a previous motion that was laid on the table at last year's annual meeting concerning an increase in dues for associate member states whereby the initial payment of \$5,000 per year would be increased by \$2,500 per year every three years following the initial five year period of associate membership. More specifically, associate member states would pay \$5,000 per year for years 1 – 5; \$7,500 per year for years 6 – 8; \$10,000 per year for years 9 – 11; etc. The motion passed unanimously.

There being no further business to come before the Committees, the meeting was adjourned at 11:30 a.m.

Attachments



Interstate Mining Compact Commission

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New Mexico

GOV. GARY R. HERBERT
Utah

GOV. MATT MEAD
Wyoming

EXECUTIVE DIRECTOR

GREGORY E. CONRAD

Agenda

Joint Meeting of the Resolutions Committee and the

Finance and Administrative Committee

Wednesday, May 2, 2012 — 9:00 A.M.

The Biltmore DoubleTree Hotel – Asheville, NC

- I. Action on Pending and/or Proposed Resolutions
- II. Update on Current Financial Condition
- III. Review and Approval of Proposed FY 2013 Budget
- IV. Review and Approval of Projected Budgets for FY 2014 and 2015
- V. Update on Membership Status and Dues Assessments
 - Report from Associate Member States
 - Recent Recruiting Efforts
 - Discussion of Dues Assessment Formula
 - Approve Dues Increase for Associate Members

"Serving the States for Over 40 Years"

Meeting Attendee Sign-up Sheet for:

ACC Resolutions Committee and Finance & Administrative Committee Joint Meeting and IMCC Executive Commission Business Meeting **MAY 29 2012**
 Wednesday, May 2, 2012 - Asheville, North Carolina - 2012 Annual Meeting

| Name | State/Agency/for Organization/Company | Phone & Email Address |
|-------------------|---|--|
| Janet Boyer | NC DENR | 919-707-9220 janet.boyer@ncdenr.gov |
| David Poeta | TX REC | 512-462-7131 David.Poeta@rec.state.tx.us |
| John Caudle | TX REC | 512-463-6701 john.caudle@rec.state.tx.us |
| John Carey | MAE - Bureau of Mines | 301-689-1442 jcarey@mdc.state.ma.us |
| Brian Withler | Alabama Dept. of Industrial Relations | 334-242-8265 brian.withler@dir.alabama.gov |
| James F. Stephens | Arkansas Dept. of Environmental Quality | 501-682-0807 stephens@adeq.state.ar.us |
| James Simons | NC DENR | 919 707-9201 jim.simons@ncdenr.gov |
| John Baza | Utah DOLM | 801-538-5334 johnbaza@utah.gov |
| Randy Casey | VA DAME | 276-923-8286 randy.casey@dame.virginia.gov |
| Steve Hokman | KY DNR | 502)564-6940 Steve.hokman@ky.gov |
| Beth Lambert | VA DAME | 276 538 8145 Beth.Lambert@dame.virginia.gov |
| Ed Fogels | ALASKA DNR | 907.269.8443 ED.FOGEELS@ALASKA.GOV |
| David Berry | CO OPlMS | 303-866-3867 x 8106 davidberry@state.co.us |
| Tom Clarke | WV DEP | 304 926 0499 x1447 thomas.l.clarke@wv.gov |
| Lewis Halstead | WV DEP | 304 926 0499 x1525 lewis.a.halstead@wv.gov |
| Craig Kennedy | SC | 803-772-6613 CraigKennedy@kes@gmail.com |
| MaryAnn Pritchard | OK DEPT OF MINES | 405-427-3859 maryann.pritchard@omines.ok.gov |
| Joe Wehrman | Alaska DNR | 907-264-8630 joe.wehrman@alaska.gov |
| TERRY OWMS | WV DEP | (419) 404-9111 terry.owms@ndem.gov |
| Nancy Nuttbrock | WY DEQ/LOD | 307-777-7046 nannynuttbrock@wyo.gov |
| Alan Edwards | WY DEQ/AML | 307-777-7062 alan.edwards@wyo.gov |

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, The Interstate Mining Compact Commission's Annual Meeting in Asheville, North Carolina from April 30 - May 2, 2012 was honored by the presence of The Honorable Dee Freeman, Secretary of the North Carolina Department of Environment and Natural Resources; and

WHEREAS, Secretary Freeman presented the Welcoming Address during the Opening Session on April 30, 2012;

NOW THEREFORE BE IT RESOLVED:

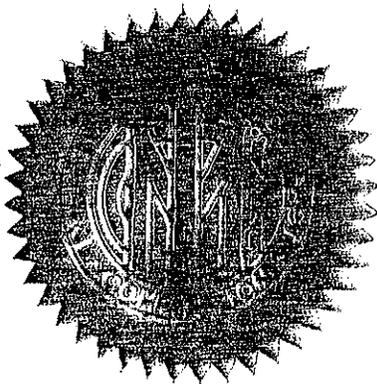
That the Interstate Mining Compact Commission expresses its gratitude to Secretary Dee Freeman for his participation in making this year's meeting an outstanding success and for his support of IMCC.

Issued this 2nd day of May, 2012

ATTEST:



Executive Director



Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, The Interstate Mining Compact Commission's Annual Meeting in Asheville, North Carolina from April 29 - May 2, 2012 was honored by the presence of James D. Simons, State Geologist and Director of the Division of Land Resources within the North Carolina Department of Environmental and Natural Resources; and

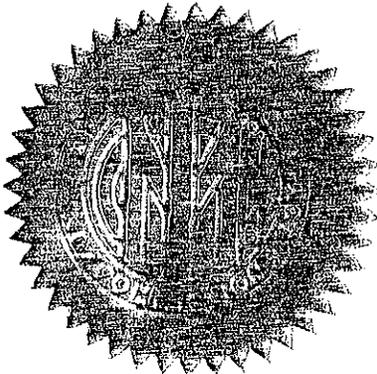
WHEREAS, Mr. Simons served as the Master of Ceremonies at the Annual Awards Banquet on May 1, 2012;

NOW THEREFORE BE IT RESOLVED:

That the Interstate Mining Compact Commission expresses its gratitude to Jim Simons for his participation in making this year's meeting an outstanding success and for his support of IMCC.

Issued this 2nd day of May, 2012

ATTEST:



Gregory Elomad

Executive Director

Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, Tracy Davis and his staff arranged an informative and interesting annual meeting for the Interstate Mining Compact Commission in Asheville, North Carolina from April 29 - May 2, 2012; and

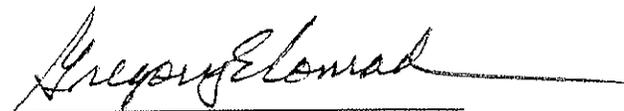
WHEREAS, our hosts warmly welcomed and generously extended their southern hospitality to all attendees;

NOW THEREFORE BE IT RESOLVED:

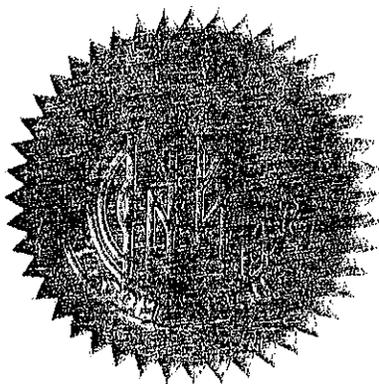
That the Interstate Mining Compact Commission expresses its deep appreciation to Tracy Davis and all of the other state officials who assisted IMCC staff to assure a successful meeting.

Issued this 2nd day of May, 2012

ATTEST:



Executive Director



Resolution

Interstate Mining Compact Commission

BE IT KNOWN THAT:

WHEREAS, throughout the years, the Interstate Mining Compact Commission has been privileged to hear many excellent speakers at its meetings; and

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WHEREAS, the speakers who addressed the Commission's Annual Meeting on April 30, 2012 in Asheville, North Carolina are men and women of outstanding ability in their respective fields, and the benefits of their advice and experience are a valuable contribution to the Commission; and

WHEREAS, the Commission is most appreciative of the time and effort the speakers have expended in the preparation and presentation of their remarks;

NOW THEREFORE BE IT RESOLVED:

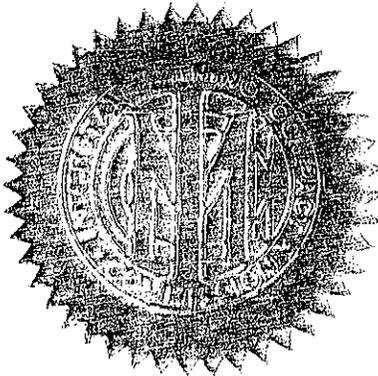
That the Interstate Mining Compact Commission expresses its sincere gratitude to

Dr. Kenneth Taylor

Issued this 2nd day of May, 2012

ATTEST:


Executive Director



Resolution

Interstate Mining Compact Commission

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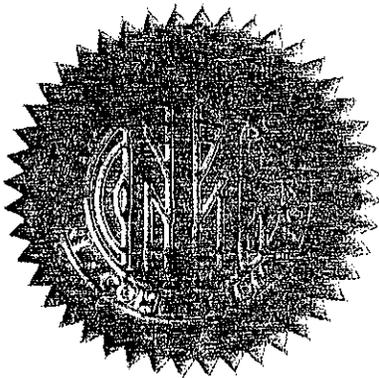
Peter Margolin

Issued this 2nd day of May, 2012

ATTEST:

Gregory Elomad

Executive Director



Resolution

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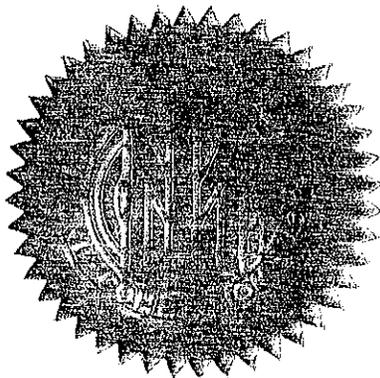
William James

Issued this 2nd day of May, 2012

ATTEST:

Gregory Elwood

Executive Director



Resolution

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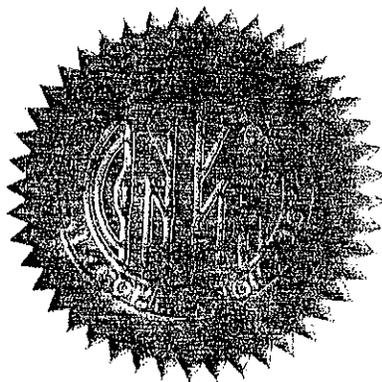
Larry Evans

Issued this 2nd day of May, 2012

ATTEST:

Gregory Elomad

Executive Director



Resolution

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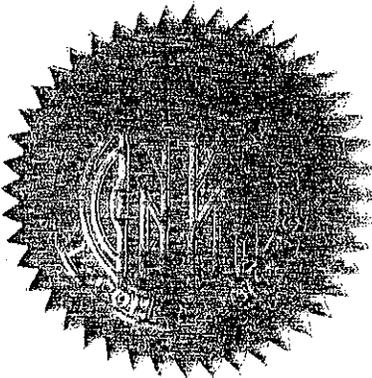
Scott Belden

Issued this 2nd day of May, 2012

ATTEST:

Gregory Elomab

Executive Director



Resolution

Interstate Mining Compact Commission

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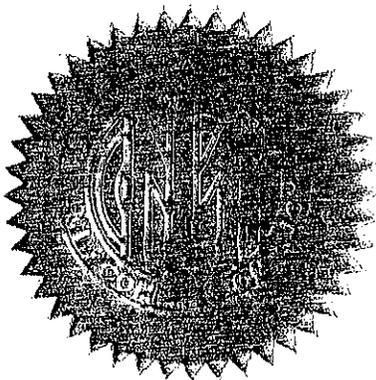
Anna Krzyszowska - Waitkus

Issued this 2nd day of May, 2012

ATTEST:

Gregory Elomak

Executive Director



6:09 AM
04/21/12
Cash Basis

Interstate Mining Compact Commission
Balance Sheet
As of March 31, 2012

| | <u>Mar 31, 12</u> |
|---------------------------------------|--------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Cardinal Bank - CD | 100,000.00 |
| Cash - GF | 16,999.97 |
| Main Street Bank CD | 100,000.00 |
| First VA Community Bank-CD | 100,000.00 |
| Savings Acct - BB&T | 193,085.67 |
| Virginia Commerce Bank | 100,000.00 |
| Total Checking/Savings | <u>610,085.64</u> |
| Other Current Assets | |
| Accounts Receivable | 64,776.62 |
| Petty Cash | 100.00 |
| Prepaid Expenses | 4,638.00 |
| Total Other Current Assets | <u>69,514.62</u> |
| Total Current Assets | 679,600.26 |
| Fixed Assets | |
| Accumulated Depreciation | -57,043.93 |
| Furniture & Fixtures | 58,578.06 |
| Total Fixed Assets | 1,534.13 |
| Other Assets | |
| Deposits | 1,900.00 |
| Total Other Assets | <u>1,900.00</u> |
| TOTAL ASSETS | <u>683,034.39</u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Accrued Vacation Pay | 38,642.88 |
| Deferred Rent | 5,316.00 |
| Total Other Current Liabilities | <u>43,958.88</u> |
| Total Current Liabilities | <u>43,958.88</u> |
| Total Liabilities | 43,958.88 |
| Equity | |
| Capital Assets Fund | 34,765.90 |
| Opening Bal Equity | 225,944.20 |
| Retained Earnings | 216,190.97 |
| Net Income | 162,174.44 |
| Total Equity | <u>639,075.51</u> |
| TOTAL LIABILITIES & EQUITY | <u>683,034.39</u> |

6:09 AM
04/21/12
Cash Basis

Interstate Mining Compact Commission
Profit & Loss Budget vs. Actual
July 2011 through March 2012

| | Jul '11 - Mar 12 | Budget | \$ Over Budget | % of Budget |
|---------------------------------|-------------------|-------------------|--------------------|-----------------|
| Income | | | | |
| Interest Income | 4,111.84 | 7,000.00 | -2,888.16 | 58.7% |
| Other Income | 72.92 | | | |
| Revenue - Annual meeting | 1,900.00 | | | |
| Revenue - Assessments | 533,131.00 | 557,000.00 | -23,869.00 | 95.7% |
| Revenue - Meetings, Other | 4,350.00 | 12,500.00 | -8,150.00 | 34.8% |
| Revenue - OSM/Benchmarking | 2,123.38 | | | |
| Total Income | 545,689.14 | 576,500.00 | -30,810.86 | 94.7% |
| Expense | | | | |
| Annual Meeting | 250.00 | | | |
| Audit | 4,700.00 | 6,500.00 | -1,800.00 | 72.3% |
| Bank Charges - GF | 53.84 | | | |
| Capital Assets | 1,758.76 | | | |
| Direct Labor - OSM/Benchmarking | 948.11 | | | |
| Employee Benefits | 52,753.71 | 115,000.00 | -62,246.29 | 45.9% |
| Employer FICA | 11,844.33 | | | |
| Equipment Leasing | 2,275.70 | 3,000.00 | -724.30 | 75.9% |
| Expenses - OSM/Benchmarking | 9,983.77 | | | |
| FUTA & SUTA | 202.76 | | | |
| Insurance | 3,405.65 | 4,500.00 | -1,094.35 | 75.7% |
| Internet - Web Page | 579.31 | | | |
| Internet - Web Page | 7,199.20 | 25,000.00 | -17,800.80 | 28.8% |
| Meetings - Other | 896.11 | 2,600.00 | -1,703.89 | 34.5% |
| Miscellaneous | 2,450.52 | 3,500.00 | -1,049.48 | 70.0% |
| Office Supplies | 1,052.03 | 3,000.00 | -1,947.97 | 35.1% |
| Postage - GF | 539.00 | 1,900.00 | -1,361.00 | 28.4% |
| Printing - GF | 2,786.00 | 10,000.00 | -7,214.00 | 27.9% |
| Publications | 27,356.31 | 37,000.00 | -9,643.69 | 73.9% |
| Rent | 233,493.48 | 312,000.00 | -78,506.52 | 74.8% |
| Salaries | 370.00 | 2,000.00 | -1,630.00 | 18.5% |
| Subscriptions & Registrations | 5,454.18 | 12,000.00 | -6,545.82 | 45.5% |
| Telephone - GF | 11,574.46 | 22,000.00 | -10,425.54 | 52.6% |
| Travel | 694.34 | | | |
| Travel Reimbursement | 0.00 | | | |
| Uncategorized Expenses | 893.13 | 2,000.00 | -1,106.87 | 44.7% |
| Utilities | | | | |
| Total Expense | 363,514.70 | 562,000.00 | -178,485.30 | 68.2% |
| Net Income | 162,174.44 | 14,500.00 | 147,674.44 | 1,118.4% |

Projected FY 2013 Budget

| | General Fund Programs |
|--------------------------------------|-----------------------|
| REVENUE | |
| Contributions from states | 557,000 |
| Registration fees | 12,500 |
| Interest and Dividend Income | 5,000 |
| TOTAL REVENUE | 574,500 |
| EXPENSES | |
| Employee Compensation | 327,000 |
| Employee Benefits | 126,000 |
| Conference | 25,000 |
| Insurance | 4,500 |
| Miscellaneous & Petty cash | 2,600 |
| Office supplies | 3,500 |
| Postage | 3,500 |
| Printing | 1,900 |
| Registr. & Subscip. Fees | 2,000 |
| Equipment Leasing | 1,500 |
| Rent | 39,000 |
| Telephone | 12,000 |
| Travel | 22,000 |
| Utilities | 1,500 |
| Publications | 10,000 |
| Auditing | 7,000 |
| TOTAL EXPENSES | 589,000 |
| EXCESS REVENUES OVER EXPENSES | (14,500) |

Proposed FY 2013 Budget

MAY 29 2012

| Proposed FY 2013 Budget | |
|--------------------------------------|-----------------------|
| | General Fund Programs |
| REVENUE | |
| Contributions from states | 557,000 |
| Registration fees | 12,500 |
| Interest and Dividend Income | 3,000 |
| TOTAL REVENUE | 572,500 |
| EXPENSES | |
| Employee Compensation | 327,000 |
| Employee Benefits | 110,000 |
| Conference | 25,000 |
| Insurance | 4,500 |
| Miscellaneous & Petty cash | 2,100 |
| Office supplies | 3,500 |
| Postage | 2,500 |
| Printing | 1,900 |
| Registr. & Subscip. Fees | 1,500 |
| Equipment Leasing | 2,500 |
| Rent | 39,000 |
| Telephone | 10,000 |
| Travel | 20,000 |
| Utilities | 1,500 |
| Publications | 5,000 |
| Auditing | 5,000 |
| TOTAL EXPENSES | 561,000 |
| EXCESS REVENUES OVER EXPENSES | 11,500 |

Projected FY 2014 Budget

| | General Fund Programs |
|--------------------------------------|-----------------------|
| REVENUE | |
| Contributions from states | 587,000 |
| Registration fees | 12,500 |
| Interest and Dividend Income | 3,000 |
| TOTAL REVENUE | 602,500 |
| EXPENSES | |
| Employee Compensation | 344,000 |
| Employee Benefits | 115,000 |
| Conference | 25,000 |
| Insurance | 5,000 |
| Miscellaneous & Petty cash | 2,600 |
| Office supplies | 3,500 |
| Postage | 2,500 |
| Printing | 1,900 |
| Registr. & Subscip. Fees | 1,500 |
| Equipment Leasing | 3,000 |
| Rent | 40,200 |
| Telephone | 12,000 |
| Travel | 22,000 |
| Utilities | 2,000 |
| Publications | 5,000 |
| Auditing | 6,000 |
| TOTAL EXPENSES | 591,200 |
| EXCESS REVENUES OVER EXPENSES | 11,300 |

Projected FY 2015 Budget

MAY 29 2012

| Projected FY 2015 Budget | |
|--------------------------------------|-----------------------|
| | General Fund Programs |
| REVENUE | |
| Contributions from states | 589,500 |
| Registration fees | 12,500 |
| Interest and Dividend Income | 3,000 |
| TOTAL REVENUE | 605,000 |
| EXPENSES | |
| Employee Compensation | 361,000 |
| Employee Benefits | 120,000 |
| Conference | 25,000 |
| Insurance | 5,000 |
| Miscellaneous & Petty cash | 2,600 |
| Office supplies | 3,500 |
| Postage | 2,500 |
| Printing | 1,900 |
| Registr. & Subscip. Fees | 1,500 |
| Equipment Leasing | 3,000 |
| Rent | 43,000 |
| Telephone | 12,000 |
| Travel | 22,000 |
| Utilities | 2,000 |
| Publications | 5,000 |
| Auditing | 6,500 |
| TOTAL EXPENSES | 616,500 |
| EXCESS REVENUES OVER EXPENSES | (11,500) |

STATES' DUES ASSESSMENTS
FISCAL YEARS 2014 AND 2015
 (Based on 2011 U.S. Geological Survey and 2010 Energy Information Administration
 Production and Price Figures)

| State | Total Coal Dollar Value (Thousands) | Total Noncoal Dollar Value (Thousands) | Total Coal & Noncoal Dollar Value (Thousands) | % Production | Equal Shares of \$39,500 | Pro-Rata Shares | 2 Year Total Shares | 1 Year (or 50%) |
|----------------|-------------------------------------|--|---|--------------|--------------------------|-----------------|---------------------|-----------------|
| Alabama | 1,715,656 | 964,000 | 2,679,656 | 5.6 | 28,394 | 30,212 | 58,606 | 29,303 |
| Arkansas | 1,120 | 771,000 | 772,120 | 1.6 | 28,394 | 8,632 | 37,026 | 18,513 |
| Illinois | 1,612,473 | 894,000 | 2,506,473 | 5.2 | 28,394 | 28,054 | 56,448 | 28,224 |
| Indiana | 1,504,060 | 772,000 | 2,276,060 | 4.8 | 28,394 | 25,896 | 54,290 | 27,145 |
| Kentucky | 6,385,590 | 836,000 | 7,221,590 | 15.1 | 28,394 | 81,465 | 109,859 | 54,929 |
| Louisiana | 78,900 | 498,000 | 576,900 | 1.2 | 28,395 | 6,474 | 34,869 | 17,434 |
| Maryland | 87,689 | 276,000 | 363,689 | 0.8 | 28,395 | 4,316 | 32,711 | 16,356 |
| Missouri | 10,992 | 2,220,000 | 2,230,992 | 4.7 | 28,395 | 25,356 | 53,751 | 26,878 |
| New York | N/A | 1,140,000 | 1,400,000 | 2.4 | 28,395 | 12,948 | 41,343 | 20,672 |
| North Carolina | N/A | 883,000 | 883,000 | 1.9 | 28,395 | 10,250 | 38,645 | 19,323 |
| North Dakota | 421,787 | 98,000 | 520,187 | 1.0 | 28,395 | 5,395 | 33,791 | 16,895 |
| Ohio | 1,153,673 | 1,160,000 | 2,313,673 | 4.9 | 28,395 | 26,435 | 54,830 | 27,415 |
| Oklahoma | 57,519 | 749,000 | 806,519 | 1.7 | 28,395 | 9,171 | 37,566 | 18,783 |
| Pennsylvania | 3,662,648 | 1,590,000 | 5,252,648 | 11.1 | 28,395 | 59,884 | 8,2797 | 44,141 |
| South Carolina | N/A | 502,000 | 502,000 | 1.0 | 28,395 | 5,395 | 33,791 | 16,895 |

| | | | | | | | | |
|---------------|------------|------------|------------|-------|---------|---------|-----------|---------|
| Tennessee | 118,281 | 848,000 | 966,281 | 2.0 | 28,395 | 10,790 | 39,185 | 19,592 |
| Texas | 832,754 | 2,810,000 | 3,642,754 | 7.6 | 28,395 | 41,002 | 69,397 | 34,698 |
| Virginia | 2,203,678 | 1,030,000 | 3,233,678 | 6.8 | 28,395 | 36,686 | 65,081 | 32,540 |
| West Virginia | 9,476,073 | 350,000 | 9,826,073 | 20.6 | 28,395 | 111,137 | 139,532 | 69,766 |
| Totals | 29,322,293 | 18,396,100 | 47,718,293 | 100.0 | 539,500 | 539,500 | 1,079,000 | 539,500 |

(Due to the cap, WV will only pay \$56,790)

These proposed dues assessments are based on the Compact's projected budgets for Fiscal Years 2014 and 2015. This dues formula was approved by action of the Commission in 1991, as amended in 2008. Member states should use these proposed assessment figures when planning their state budgets for Fiscal Years 2014 and 2015.

Associate Member Dues Assessments: 4 x \$7,500 and 1 x \$10,000 = \$40,000. Associate members are: AK, CO, NM, UT and WY.

The calculation is as follows: Projected budgeted expenses for FY 2014 (\$591,200) + projected budgeted expenses for FY 2015 (\$616,500) = Total projected two-year budgeted expenses of \$1,207,700. (See respective projected budgets for Fiscal Years 2014 and 2015 for details.) Subtract from this projected two-year budgeted expense amount of \$1,207,700 projected "other" income of \$97,500 (1 associate member state @ \$7,500 for two years; 1 associate member state @ \$7,500 for one year and \$10,000 for two years); registration fees (\$12,500 per year for two years); and interest income (\$3,000 per year for two years) for a total dues assessment need of \$1,079,200 (\$1,207,700 - \$128,500), which is divided by two fiscal years for an average of \$539,500 per fiscal year - the figure used in the above chart to calculate individual dues assessments for member states.

Based on the dues assessment cap approved by the Commission of two times the equal share amount (2 x \$28,395), the cap for Fiscal Years 2014 and 2015 is \$56,790. No state will pay more than this amount. Any excess amount is to be covered by the IMCC reserve. The excess amount for these two fiscal years (in the case of West Virginia) will be \$12,976 per year.



Interstate Mining Compact Commission

445-A Carlisle Drive, Herndon, VA 20170

Phone: 703/709-8654 Fax: 703/709-8655

Web Address: www.imcc.isa.us E-Mail: gconrad@imcc.isa.us or bbotsis@imcc.isa.us

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New Mexico

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Utah

GOV. MATT MEAD
Wyoming

EXECUTIVE DIRECTOR

GREGORY E. CONRAD

May 16, 2012

The Honorable Catherine Templeton
Director
Department of Health and Environmental Control
2600 Bull Street
Columbia, SC 29201

Dear Director Templeton:

Our sincere appreciation for taking the time to meet with us on Monday of this week to discuss South Carolina's membership in the Interstate Mining Compact. Having benefited from your state's active participation in the Compact since its entry in 1972, we were relieved to learn that you have every intention to remain a part of the organization. We also understand that the specific challenge you face is the payment of your annual dues assessment given the current fiscal conditions in South Carolina. We can certainly appreciate your dilemma in this regard and are hopeful that we can find a solution that will be budget neutral and yet still allow you to pay your dues into the future. I will continue working with the Mining Association of South Carolina to pursue potential solutions that would generate the revenue to support these dues payments. IMCC is also pursuing potential adjustments to its due structure that may provide some relief as well.

As always, if we can be of assistance to you on any of the mining-related issues you face in South Carolina, please let us know. We look forward to a continued good working relationship with you and your staff, even in the midst of the fiscal challenges. Thanks again for your time and your commitment to IMCC.

Sincerely,

Gregory E. Conrad
Executive Director

cc. Julie McIntyre
Craig Kennedy
Kent Coleman

Financial Health Concerns and Institutional Priorities related to Implementation of IMCC Strategic Plan

As the Interstate Mining Compact Commission (IMCC) moves forward with the implementation of its revised strategic plan, several related issues also need to be addressed and resolved, especially those related to the financial health of the organization and our institutional priorities. Some of these decisions are being driven by the fiscal health of the member states; some are in response to explanations of or justifications for membership in IMCC; and some are a reflection of where the member states desire IMCC to be engaged on key issues impacting the states. Given IMCC's recent focus on its strategic plan, the timing is right to focus on these matters in greater depth.

Financial Health Concerns

IMCC's current financial health is strong. We continue to post budget surpluses, even in years when we had projected deficits. We continue to maintain a solid reserve of \$400,000, which is close to our goal of one year's anticipated expenses (now in the \$550,000 range). All of the member states, except one, have been able to pay their full dues assessments. However, as state budgets and fiscal conditions continue to experience strain related to the recent downturn in the overall economy, some of the member states have indicated that their ability to pay dues to organizations like IMCC will likely see increased scrutiny and even potential cuts. The recent experience of the state of New York is a prime example. It has therefore been suggested that IMCC review its current dues assessment formula for both full and associate member states and that IMCC also review its current expenses, all with the goal of assuring the future financial integrity of the organization.

With regard to dues assessments, the Compact at its annual meeting last April proposed an increase for associate member states based on years of membership as an associate. The initial dues assessment for an associate is \$5,000. The proposal would increase this amount by \$2,500 every three years following the initial five year period (i.e. \$7,500 for years 6 – 8; \$10,000 for years 9 – 11; etc). The Compact will be taking a formal vote on this proposal at its annual meeting in April. As part of that decision, the Compact may want to consider whether these amounts should be further increased so that associate members carry a larger percentage of the organization's expenses, as well as to acclimate to the financial commitment related to full membership.

It has also been suggested that IMCC review the dues assessment formula for full member states that is currently contained in the Compact. That formula is based on a combination of equal shares of IMCC's expenses and a proportional share of those expenses, based on the value of mineral production (coal and noncoal) within the full member states. One option would be to allocate dues based on the number and types of issues pursued on behalf of the states; another option would be to recognize those instances where federal grant money is available to some states to pay dues (e.g. those states with regulatory or AML grants under SMCRA); and yet another option would be to base the dues on whether a state is primarily a coal-producing state, as compared to those

that only produce noncoal minerals. The latter option would be somewhat related to the first option regarding the number and types of issues pursued by the Compact on behalf of the states. Another option may be to recognize "in-kind" contributions of member states toward IMCC initiatives (such as legal representation, hosting/facilitating workshops, publishing newsletters, operating websites (or portions thereof), assisting with congressional affairs work through state Washington, DC offices, etc.) Given the complexities associated with any restructuring of our current dues assessment formula, and how this may need to be reflected in the existing compact legislation of all the current full member states, it will likely be necessary for an ad hoc committee to be appointed to explore the matter and recommend any adjustments.

It has also been suggested that IMCC look more aggressively at the availability and use of federal grants to support the organization. This option has its own challenges, including whether IMCC desires to rely on what can be uncertain and unreliable federal funding, the need to identify and then pursue federal grants (including obtaining the needed expertise to write and prepare grant proposals), and the likely need to re-focus IMCC priorities on whatever the subject of the federal grant may be. There is also the question of whether the goal of obtaining grant funding is to pass through funds to member states or to utilize grant funds to off-set IMCC expenses. The former will obviously do little to assist IMCC with its expenses, but may be of assistance to states in terms of their ability to travel to IMCC meetings/functions associated with the grant and perhaps to pay some portion of IMCC dues. Where federal grant money is related to the pursuit of a particular issue by IMCC on behalf of the member states (for instance, reviewing state financial assurance requirements under CERCLA), some portion (perhaps the greater amount) will be directed to implementation of the grant (including potential outside contractors, as has been the case in the past), with little money available to off-set actual IMCC expenses. Again, this option requires additional thought and research.

There is also the potential to review current IMCC expenses to determine whether any cost efficiencies can be realized. IMCC undertook this type of analysis in 2006 and found that there were few adjustments that could be made, such as moving to a home-based operation and eliminating office space. The two expense line items that make up the majority of the budget (salaries and benefits) are reviewed each year, and IMCC recently changed its health plan to allow employees to participate in the Commonwealth of Virginia's plan, which resulted in significant savings to the Compact. IMCC regularly reviews all of these plans and other contracts (i.e. lease space, telephone and internet service, and publications) in an effort to negotiate the most affordable options and hold down expenses. It may be useful to engage in a further review of these expenses to determine if there are other savings/reductions that can be realized.

Institutional Priorities

As part of IMCC's implementation of the revised strategic plan (which will be voted on at the annual meeting in Asheville), it will be important and useful for us to consider what our priorities will be for the immediate and long-term future. Some of these decisions will be directly tied to our financial situation. For instance, if we decide

that we should pursue a greater number of issues, or pursue them in greater depth, we may need to expand our staff, either through the hiring of an additional person or, as we have done in the past, through the use of outside contractors who assist with specific issues (such as congressional relations). In any event, a specific identification of priorities will be essential for determining how the current IMCC staff spends its time and what issues in the strategic plan we pursue first and foremost. The following scenarios may prove instructive in this regard:

- It has been suggested that IMCC sponsor and facilitate additional workshops and/or roundtable discussions, especially on behalf of the noncoal member states – perhaps on a regional basis. These types of workshops have a synergy all their own and tend to occupy a fairly significant amount of staff time to plan and execute. If IMCC determines that it is important for us to move in this direction, it will have a concomitant impact on time available for other projects and initiatives.
- It has been suggested that IMCC provide additional communications to the member states in the way of e-alerts and issue tracking. This begs the question of whether the current communication mechanisms we are using are sufficient and complete. These include timely e-memos on all breaking issues, the quarterly e-newsletter, updates to the IMCC website, and conference calls on issues that require immediate attention. We should also ask what the purpose of these additional communication methods would be (is it outward facing information for non-members of IMCC, or is it primarily for member states – and if the latter, are we simply duplicating communications that are already provided?).
- It has been suggested that IMCC should be focusing on additional issues that are of concern to the member states, such as air and water quality issues arising under EPA's jurisdiction; climate change; endangered species; EPA's national mining enforcement initiative; wetlands mitigation policy; etc. Often times, IMCC has deferred to other state government groups to pursue some of these issues on behalf of the states (such the Environmental Council of the States, and the Association of State and Interstate Water Pollution Control Administrators, now the Association of Clean Water Administrators). However, to the extent that the issues are directly related to mining, it is probably appropriate for IMCC to be more directly involved. The question becomes, how do we balance our work on these issues (some of which are new for us in terms of in-depth involvement) with the other issues already before us? It is sometimes difficult to be all things to all states at all times and still remain effective on the issues we have traditionally pursued for the states, especially with only one staff person handling the substantive legislative and regulatory issues for the organization. However, this does not mean that we cannot and should not reevaluate where our priorities are and how we desire to engage on the issues. It is critical, though, that the staff receive a very clear indication from the member states about their expectations for our involvement on the issues and whether it is appropriate to seek additional assistance (either from the member states or from others) to prosecute the issues on behalf of the states.

Lessons Learned from the Alaska Legislative Experience

Beginning in January 2012, the state of Alaska has aggressively pursued an effort to enact legislation that would bring the state into the Interstate Mining Compact as a full member. This effort began with the drafting of legislative language in late 2011 that involved staff from the Alaska Department of Natural Resources, Mining Section and Commissioner's Office and also required review and input from the Attorney General's office. One of the problems Alaska encountered in drafting the legislation was a difference of opinion between the AG's Office and the Legislature's legal counsel. This resulted in a delay in the bill's introduction. The lesson learned was that every effort should be made to coordinate the executive branch attorneys with the legislative branch attorneys prior to the start of the legislative session in order to insure a smooth transition for the legislation.

As part of the bill drafting initiative, IMCC staff explored with Alaska staff the potential forms for the legislation that would be required for the state to officially enter the Compact. This in turn required IMCC staff, with the assistance of legal counsel from the Pennsylvania Department of Environmental Protection, to gather and review all of the current IMCC member states' compact legislation, and for comparison's sake, the legislation for all of the members of the Interstate Oil and Gas Compact Commission. Following that review, IMCC assisted Alaska with the drafting of alternate legislative language that could be considered for entry into the compact. In the end, Alaska chose to pursue the more traditional legislative format that has been used by the majority of IMCC member states, including the most recent entrants (North Dakota and New York). A copy of Alaska's legislation is available from IMCC.

During the course of the drafting process, a question that arose was whether IMCC required the use of an advisory body, as set forth in Article V of the Compact. IMCC staff conducted a survey of the current full member states to determine 1) whether their respective compact legislation requires the use of advisory bodies; 2) whether these advisory bodies are actually being used; 3) whether advisory bodies are generally used or favored by the states; and 4) whether there is a sense that IMCC should continue to require the use of advisory bodies, or whether this requirement could be discretionary. A legal memorandum developed by the Executive Director was prepared based on the input from the member states and was provided to Alaska. The state in turn decided to make this requirement discretionary (as is also the case in North Dakota's compact legislation).

Alaska made significant progress with its pursuit of compact legislation in the 27th Legislative Session, but on the final day of the session, the bill died in the Senate Rules Committee when it was not allowed to be scheduled for a vote by the full Senate. This was due to political reasons unrelated to the merits of the legislation. The House had previously passed the bill by unanimous consent (following approval by the House Resources and House Finance Committees). Two Senate Committees with jurisdiction over the matter (State Affairs and Finance) also approved the bill. There are already plans to re-introduce the same legislation in the 28th Legislature, which will begin in January of 2013. In the meantime, we learned several things throughout the process:

- Work on draft legislation needs to begin well in advance of the legislative session in order to work out details and questions regarding the form and nature of the legislative language. We have found that many technical and legal questions tend to arise, some of which require additional research and resolution before moving forward with the legislation, as alluded to above.
- Having strong sponsors for the Compact legislation is crucial. In the case of Alaska, Rep. Lynn, as House State Affairs Committee Chairman, and Senator Giessel in the Senate introduced the compact legislation (HB 360 and SB 206) and, together with their committed staff, carried the day for the legislation and shepherded the bills through both the committee process and the legislature. IMCC and Alaska DNR staff worked with both of these legislators to keep the process on track and to provide the type of information that was necessary to inform the debate.
- Having consistent and strong testimony supporting the legislation once it began the journey through the committee process was also vital. Each hearing began with an introductory statement and description of the bill by the sponsor (Rep. Lynn), followed by testimony from Deputy DNR Commissioner Ed Fogels and the testimony from IMCC Executive Director Conrad. Each committee responded well to the consistent sequence of testimony. It was also helpful to have the mining industry weigh in with a statement of support during several of the hearings.
- One of the particular challenges with regard to compact legislation is that uniformity is a necessity given the nature and purpose of compacts, and thus any adjustments to the prototype format for the legislation requires considerable thought. If new member states begin to make significant adjustments to the structure and operation of their version of compact legislation, we begin to lose the commonality of purpose and operation that defines the overall Compact. And to the extent that a revision is approved for a particular state, it begs the question of whether all the other states then need to amend their compact legislation, which is fraught with its own difficulties and challenges.
- One of the more challenging questions that arose during the Committee debates on Alaska's legislation is why the state should pursue full membership. There are four primary reasons for this: 1) most importantly, full membership ensures the state an official vote in the Compact; 2) full membership allows a state to chair standing committees of the Compact; 3) the more full members IMCC has, the stronger IMCC is an organization and the more powerful its voice in Washington, DC; and 4) in order to remain as an associate member, the Compact's by-laws require that a state must pursue legislation to bring it in as a full member following a five year "trial period. The Commission must affirmatively vote to authorize continued associate membership after the initial five year period based on the efforts by a state to pursue full membership. However, as Alaska considered its decision to adopt compact legislation, these four reasons to seek full membership (and, in turn, to pay a sizeable dues increase) often raised the specter of whether it was really worth it to do so. The state was already enjoying many of the major benefits of Compact membership as an associate member state, so justifying full membership became an important question and at times a

challenge. Both IMCC and Alaska DNR did their best to make the case for full membership and we appeared to win the day in all of the committees, but this is likely to be a perennial concern as states pursue full membership. A copy of IMCC's testimony on this particular matter before the Alaska legislative committees is available from IMCC.

- Another question that often came up was whether and to what extent IMCC would be able to address the issues that are of most concern to Alaska. This generally arose in the context of legislators looking at IMCC's past and current membership and what appeared to be a focus on eastern states and on coal-related issues. Legislators were specifically interested in the types of issues that IMCC pursues on behalf of its member states and how we are addressing both noncoal/hardrock and western issues.
- With respect to dues assessments, there were several questions about how Alaska compared to other states; whether the state would be the largest dues payer; the formula used by the Compact to calculate dues; and whether the Compact received money from the mining industry to fund its operations.
- A few questions were focused on the binding effect of Compact decisions on the state of Alaska, and particularly any implications for how Alaska's regulatory programs are run. There was a question as to whether there were any negative implications associated with joining as a full member.
- As the legislation progressed through the legislative process, more interest was expressed by outside parties. The mining industry became a major player and was a strong supporter of the IMCC legislation. A reporter became very interested in IMCC and asked a number of very pointed questions about who we are, what we do and how we operate. This required a measured response from IMCC with supporting documentation, all of which appeared to satisfy the reporter.

The Alaska legislative experience was much more reminiscent of the type of action that IMCC is familiar with in Washington, DC in terms of drafting legislation, briefings, hearings and the politics associated with moving a piece of legislation through the process. IMCC was much less involved with the legislative approval process in New York and North Dakota, but we suspect that what we encountered in Alaska is likely to be the norm. At present, IMCC is also pursuing legislation in Utah and New Mexico and is expected to begin a similar process in Wyoming and Colorado in the next few years. The experience in Alaska will be helpful in preparing us for these engagements.

IMCC is also in the process of pursuing associate membership with the state of Nevada and is hopeful to see results in the coming year. Several of the questions raised during the Alaska experience have also been articulated by Nevada as the state considers a commitment to membership in IMCC. However, Nevada also raised a question that we have not previously taken under advisement, and that is one of succession planning. Nevada asked what IMCC is doing to prepare for inevitable staff changes that will occur in the future due to retirements and what impact that will have on the organization's future. While this is not an imminent concern, it is probably something we should begin thinking about, just as our state agency members seem to be doing on a more regular basis.



MAY 29 2012

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EXECUTIVE DIRECTOR

GREGORY E. CONRAD

MINUTES

Joint Meeting of the Mine Safety and Health Committee and the

Noncoal Section of the Environmental Affairs Committee Monday – April 30, 2012 –10:30 A.M.

The Biltmore DoubleTree Hotel – Asheville, NC

A joint meeting of the Noncoal Section of the Environmental Affairs Committee and the Mine Safety and Health Committee was held on Monday, April 30, 2012 at the Biltmore DoubleTree Hotel and was called to order by Butch Lambert of Virginia, Chairman of the Mine Safety and Health Committee at 10:30 a.m. Copies of the agenda and the attendance list are attached.

I. Mine Safety and Health Issues

The Chairman requested that the Executive Director provide an update on recent activity concerning mine safety and health issues. In terms of legislative activity on mine safety and health issues, while there have been a flurry of congressional oversight hearings on the Upper Big Branch disaster and on MSHA's budget, there has been no movement on legislation in either the House or the Senate and we do not expect that to change during this session of Congress. However, as both the Administration and the Congress continue to contemplate the various recommendations growing out of the state and federal investigations of Upper Big Branch, we may see renewed legislative activity next year.

Mr. Conrad reported on a conference call held on April 10 between IMCC and MSHA. A variety of issues were addressed during the 2 ½ hour long call and in general the participants felt that a fair amount of work was accomplished. A copy of the minutes from the call was distributed to the member states and is available from IMCC. It was recommended that the next meeting be held in person and should focus on certification issues and the importance of keeping these programs with the states and potentially developing a tracking system that builds on existing state systems. It was also suggested that IMCC pursue the implementation of the new mine examiners rule that was published by MSHA on April 6.

With regard to the MSHA/OSM/State Memoranda of Agreement on Impoundments, which were discussed during the April 10 conference call, it appears

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that the states are working directly with their respective MSHA Districts to work through issues associated with the development of these MOUs and that further action by IMCC is unnecessary at this point. It was, however, requested that states provide copies of any MOUs that they sign with MSHA to IMCC for distribution to the member states.

IMCC recently sent letters to House and Senate Appropriations Subcommittees opposing cuts by MSHA for state training grants. MSHA has proposed in its FY 2013 budget to cut those grants by over 50%. Mr. Conrad encouraged the states to weigh in on this matter.

At this point, the Environmental Affairs Committee – Noncoal Section meeting was called to order and was chaired by Tracy Davis of North Carolina.

II. Update on EPA and OSM Rulemakings re Coal Combustion Residues

The Executive Director reported that both of these rulemakings continue to be in limbo, with EPA's final rule likely delayed until sometime next year as the agency wades through the many thousands of comments it received on its proposed rule of last year. The OSM rule on mine placement is still in the developmental stages and will not likely be ready for proposal until sometime this summer at the soonest. In the meantime, several groups have recently filed lawsuits against EPA to force more expedited action by the agency on its final rule. One group of lawsuits from environmental groups seeks action by EPA based on the "serious and widespread" risks related to the disposal of CCRs and EPA's failure to abide by its statutory, non-discretionary duty to revise its rules. The second group of lawsuits has been initiated by those who utilize CCRs in the beneficial use marketplace. These companies represent the unique interests of coal ash recyclers and are intent on EPA issuing its final rule so as to provide a larger degree of certainty with regard to the availability of CCRs for these uses.

III. Update re EPA Rulemaking on Financial Assurance Requirements under Section 108(b) of CERCLA

Mr. Conrad provided an update on recent activity by EPA and the states regarding a soon-to-be-proposed rule on financial assurance requirements for the hardrock mining sector under Section 108(b) of CERCLA. EPA has prepared reports for 18 states (CO, UT, NM, AZ, AK, ID, MT, NV, TX, MO, AR, CA, MI, MN, TN, WA, WY and NY) that attempt to capture the essence of their regulatory program requirements. Following the receipt of comments on the draft reports, EPA is now working on revised versions of the state reports which should be available in the coming weeks. IMCC will distribute those revised reports to the states. It was suggested that it would be useful to have a conference call with EPA regarding the status of the rulemaking following the release of the revised state reports. EPA is also preparing a small business impact assessment, which is likely to delay publication of the proposed rule until sometime in early 2012. State attorneys general from CO, NM, AZ and AK have submitted letters to EPA discussing the implications of potential preemption of state laws by EPA pursuant to the 108(b) rulemaking

Discussion then ensued regarding EPA's National Mining Enforcement Initiative, which is being advanced by EPA's Office of Compliance and Enforcement, primarily pursuant to enforcement requirements under the Resource Conservation and Recovery Act (RCRA). The initiative has focused on the mineral processing and mining sectors given the fact that cumulatively they generate larger volumes of corrosive substances and/or toxic metals than other industrial sectors. The initiative seeks to achieve maximum compliance with environmental regulations in order to protect human health and the environment. The states have not seen any recent activity by EPA regarding this initiative but were asked to keep IMCC advised of any developments.

IV. Update on Hardrock AML and Good Samaritan Legislation

Mr. Conrad was asked to report on legislative efforts addressing hardrock abandoned mine lands and Mining Law Reform. To date, there has been no movement with regard to Mining Law reform legislation and none is expected in this session of Congress. While the Administration has advanced the concept of a hardrock AML program and fee as part of its proposed budget for FY 2013, there appears to be little interest in moving forward with such an initiative in Congress. And while there were congressional oversight hearings in the first session of the 112th Congress on potential programs for hardrock AML and for Good Samaritan protections under the Clean Water Act, we have not seen any proposed legislation as yet. We are still anticipating that a bill may be forthcoming from Chairman Lamborn (R-CO) of the House Energy and Mineral Resources Subcommittee, although his efforts have been stymied by impacts that the bill may have on the budget/deficit.

Senator Mark Udall (D-CO) continues his efforts to seek administrative reforms for Good Samaritans and has recently sent two letters to EPA requesting an analysis of new tools that would give Good Samaritans assurance they will not be subject to enforcement for responsible cleanup activities. He was joined in these efforts by Senators Boxer (D-CA) and Bennet (D-CO).

V. IMCC-Sponsored Regional Noncoal Workshops/Symposia

The Chairman raised the question of IMCC sponsoring a series of regional workshops or symposia that would focus on noncoal issues, along the lines of a thought piece distributed by the Executive Director prior to the meeting, copy attached. There was general interest in IMCC pursuing these workshops, and some of the topics suggested were blasting, groundwater protection, public participation requirements in public hearings, and wetlands. It was also suggested that IMCC solicit a national perspective on some of these issues from the U.S. Army Corps of Engineers, EPA and/or the U.S. Fish and Wildlife Service. It was decided that IMCC should focus on two regions of the country first, the Southeast and the Northwest. Volunteers to serve on steering committees for planning the workshops were solicited and were as follows: Southeast – NC, SC, VA and TN; Northwest – AK and UT.

VI. Other Updates and Issues of Concern from the Member States

- Human Impact Assessments – Ed Fogels of Alaska reported on a national meeting that he attended in Washington, DC in early April where the topic of human impact assessments was discussed. He indicated that interest remains high on this topic and that the states are likely to see more activity across the nation on the matter.
- Extractive Industries Transparency Initiative – the Executive Director reported on this recent initiative involving the Interior Department that is intended to promote stability and reduce corruption in resource-rich countries around the world by offering a voluntary framework for governments and companies to publicly disclose revenues paid and received for extraction of oil, gas and minerals owned by the government. The design of each framework is country-specific and is developed through a multi-year, consensus based process by a multi-stakeholder group composed of government, industry and civil society. IMCC was approached about participating in the stakeholder group to represent the interests of the states. However, it appears that this effort is focused primarily on revenue (royalties) derived from federal lands and as such, IMCC has decided to simply monitor the initiative at this point in time.
- NMA Environmental Management System Guide – the National Mining Association, in cooperation with the Society for Mining, Metallurgy and Exploration, has developed an Environmental Management System (EMS) Guide, the purpose of which is to assist hardrock mining companies (particularly small to medium-sized operators) in developing and implementing an EMS that can be customized to a company’s unique operating circumstance and management culture in helping them to comply with local, state and federal regulatory requirements. NMA is seeking comment on the EMS guide from those who may be interested in doing so.
- National Strategic and Critical Minerals Production Act (H.R. 4402) -- this bill was recently introduced by Rep. Amodei (R-NV) and was the subject of a legislative hearing on April 27 which IMCC monitored. It is expected that the bill will be passed out by the House Natural Resources Committee but its prognosis in the full House is uncertain. There is no companion bill in the Senate as yet.

There being no further business to come before the Committee, the meeting was adjourned at 12:15 p.m.



MAY 29 2012

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Agenda

Joint Meeting of the Mine Safety and Health Committee and the

Noncoal Section of the Environmental Affairs Committee

Monday, April 30, 2012 — 10:30 A.M.

The Biltmore DoubleTree Hotel – Asheville, NC

- I. Mine Safety and Health Issues
 - Status of Mine Safety and Health Legislation
 - Recent Meeting with MSHA Officials
 - Status of MSHA/OSM/State MOUs on Impoundments
- II. Update on EPA and OSM Rulemakings re Coal Combustion Residues
 - Recent Litigation re EPA Rule
- III. Update re EPA Rulemaking on Financial Assurance Requirements under Section 108(b) of CERCLA
- IV. Update on Mining Law Reform Legislation and Good Samaritan Legislation
- V. IMCC-Sponsored Regional Noncoal Workshops/Symposia
- VI. Other Updates and Issues of Concern from the Member States
 - Human Impact Assessments (Alaska)
 - EPA's National Mining Enforcement Initiative
 - Extractive Industries Transparency Initiative

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Meeting Attendee Sign-up Sheet for:

MCCE Mine Safety and Health Committee and Noncoal Environmental Affairs Committee Joint Meeting
 onday, April 30, 2012 - Asheville, North Carolina - 2012 Annual Meeting

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Thought Piece Regional Noncoal/Hardrock Symposia

IMCC is considering sponsoring and facilitating a series of regional symposia or workshops that focus solely on noncoal/hardrock issues around the country. The events would likely be co-sponsored by an IMCC member state and focus on issues unique to that state and region. An example would be a symposium hosted by the state of North Carolina in Raleigh or Charlotte that would look at permitting and water quality issues with presentations from several state (and perhaps federal) agency personnel on specific regulatory challenges being faced by states in that region of the country. For instance, South Carolina is working through a series of issues with the U.S. Army Corps of Engineers concerning a new gold mining permit in the state and the mining agency could present an overview of those issues and seek the guidance and input of sister states about how best to address them. The idea is to structure the symposia in such a way that states can explore more of the details around several key issues and allow for expanded opportunities for discussion and brainstorming, rather than attempting to cover the waterfront on a whole host of issues or simply receiving updates and general information on a few issues due to the constraints of time.

Some of the issues that could be the subject of regional symposia include:

- State water quality criteria under the Clean Water Act and interactions with the U.S. Environmental Protection Agency in defining those criteria
- Mitigation requirements under the Clean Water Act and interactions with the U.S. Army Corps of Engineers in defining those criteria
- Types of NPDES permits (general v. individual) required for mining operations
- Financial responsibility (bonding) requirements (including use of limited bond forfeiture funds for reclamation work)
- Use of geomorphic reclamation standards
- Historic preservation and endangered species issues
- Coordination between state and federal agencies for mine permitting (including integration of state mining permits with state water quality permits)
- Damage to structures and wells from blasting and dewatering
- Electronic permitting enhancements
- Surface and ground water database management issues
- Dealing with the public on mining issues, especially as regards land use planning
- Blasting and other "nuisance" issues
- Recent enhancements to state regulatory programs that others can benefit from (benchmarking)

These events would be hosted by an IMCC member states, ideally in one of their facilities. They would be one or two day events (depending on the number and complexity of issues) and IMCC would handle the logistics of making them happen. The events would be open to all member states, but would be primarily targeted at those states who are geographically near the host state (and that would likely share the same concerns and issues). IMCC would work with groups of states in designing the events, including the agendas and location. IMCC would also facilitate the meetings. We would attempt to hold at least two events per year, depending on interest and availability of attendees.

MINUTES

OSM/States Meeting
Tuesday, May 1, 2012 – 8:30 a.m.
The Biltmore DoubleTree Hotel – Asheville, NC

A meeting of the member states of the Interstate Mining Compact Commission and officials from the federal Office of Surface Mining (OSM) took place on the morning of May 1st beginning at 8:30 a.m. at the Biltmore DoubleTree Hotel in Asheville, North Carolina. The meeting was called to order by Tom Callaghan of Pennsylvania.

I. Welcome and Introductions – the meeting began with all participants introducing themselves and their affiliations. A copy of the attendance sheet is attached to these minutes, as is the agenda.

II. AML Issues -- IMCC reported on the status of proposed legislation to amend the Surface Mining Control and Reclamation Act of 1977 (SMCRA) to eliminate payments to certified states and tribes and to revise the procedure by which AML grants are distributed to uncertified states. The proposal was contained in OSM's Fiscal Year (FY) 2013 budget and is similar to proposals in previous budgets for FY 2011 and 2012. Mr. Conrad reported that the proposed legislation has yet to be introduced by a sponsor in either the House or Senate and that, even if this occurred, it was highly unlikely that the legislation would receive attention from either of the Committees of jurisdiction (House Natural Resources and Senate Energy and Natural Resources). Other legislation to restrict payments to certified states and tribes has also fallen on deaf ears in the Congress. A question was raised about how, under the Administration's proposal, AML grant proposals would be handled. OSM stated that all such proposals would be submitted in advance of any decisions by the proposed Advisory Council and that grant moneys would likely be targeted to the highest priority coal projects. The money would remain a mandatory appropriation under the proposal.

During discussion it was also noted that the Administration's proposal includes the establishment of a program for the cleanup of hardrock abandoned mines, including a fee that would be deposited into a fund to pay for these cleanups. Given the potential for the proposal to establish a nationwide program for both hardrock and noncoal reclamation, it was suggested that the states consider supporting the proposal. The proposal could also pave the way for a significant role to be played by OSM as part of the program, which could be helpful in preserving OSM's independence as a separate agency within the Interior Department. IMCC will pursue this further with the National Association of Abandoned Mine Land Programs.

Finally, it was brought to everyone's attention that there has been an increasing amount of interest from the press in the AML program, and in particular the dichotomy of funding for

certified states in the West v. uncertified states in the East.

The next topic for discussion was the recent analysis prepared by OSM concerning expenditures by states and tribes under the AML program. The analysis focused primarily on grant moneys that have remained unexpended over time, particularly since the 2006 Amendments to SMCRA were enacted, which resulted in significant increases in these grants. These “undelivered orders” have seen increasing scrutiny by the Office of Management and Budget (OMB) and others over the past year and it could become a concern on Capitol Hill. In response to OSM’s analysis, the states and tribes, through the National Association of Abandoned Mine Land Programs (NAAML), have prepared a report of their own addressing the issue which focuses on the extent to which AML moneys have been “committed” to projects, even though not fully expended. A copy of that report has been provided to OSM and to key congressional staff members. A copy is also attached to these minutes. OSM noted that it is important to demonstrate that these moneys are in fact dedicated to AML projects in order to avoid the perception that the moneys are not being spent and may therefore be available for other purposes or programs. This could be exacerbated by the fact that OSM does not have a competitive grant process in place (as suggested by its proposed legislation). It was suggested that the IMCC and the NAAML continue to work with OSM to provide accurate and complete information to OMB, Congress and others regarding the true status of AML grant moneys and that we coordinate our efforts and our information to the maximum extent possible. IMCC agreed to contact the NAAML with the potential to re-engage in discussions with OSM about this matter.

A question was raised about the potential of OSM moving to force certifications on those states that may be eligible for such certification based on the completion of their coal AML work. OSM noted that, while it did engage in some analysis of the potential for secretarial certifications, only one state would likely qualify for this (MS). As a result, OSM did not appear to be moving toward undertaking this type of action in the near future.

The final AML issue was a report on a proposed rulemaking to clarify the limited liability issue arising under OSM’s 2008 final rule for the AML program where certified states and tribes are concerned. Pursuant to a request from Senator Tester of Montana, OSM is working on a proposed rule to address the matter and hopes to have it published sometime this year.

III. Budget and Appropriations Issues – OSM provided an update on funding for Title V and Title IV grants for FY 2012, noting that all of these grants have been distributed to the states and tribes. Title IV grants were based on mandatory appropriations and Title V grants were based on state requests. Where unexpended Title V grant moneys were available from FY 2010, some of that money was used to support youth programs for interns at the state level under VISTA and Americorps. Another portion of the unexpended funds were used for the applied science program and to support the Geomine pilot project. With regard to FY 2013 and 2014, there is the potential for mandatory across-the-board cuts (called “sequestering”) which would impact both discretionary and mandatory funding if Congress is unable to agree on spending

limits. This cut for FY 2013 could amount to 7.89%. OSM can use some of its carryover funds (especially for Title V grants) to absorb some of these cuts, but the agency will need to examine where it may need to cut other program costs to meet targets. OSM may want to meet with the states and other stakeholders to discuss where these program cuts should be made. As part of any such assessment, it was suggested that OSM undertake a cost/benefit analysis regarding its past expenditures on things such as oversight, training, technical support, inspections, state program amendments, etc.

With respect to OSM's cost recovery proposal in its FY 2013 budget, OSM stated that it continues work on a rule for federal program states and Indian lands that should be available for publication sometime this summer. OSM hopes to recover approximately \$3.4 million per year under this proposal. The rule would not recover the full costs of regulation but would be primarily focused on costs associated with permitting. OSM anticipates that any rule on cost recovery would only address some of the costs of regulation and that other costs (such as inspection and enforcement) would be borne by the public since it is directly benefited by these efforts. It may also be necessary for a statutory change to SMCRA to accompany any cost recovery rule for state programs in terms of isolating funds for Title V grants. At some point it may also make sense to consider a new per ton fee to support state programs and thereby insure that permits are available to coal operators if the financial support for these programs is in doubt at either the state or federal level.

IV. Update on Key OSM Rulemakings – OSM reported on several rulemakings that are likely in the near future as follows:

- Stream Protection -- OSM noted that it is still in the evaluation and analysis stages of this rulemaking and is still considering its options. Once the agency completes its work, the rule will begin internal review within the Interior Department and then OMB before being published in the Federal Register as a proposed rule, together with the draft EIS. Publication is uncertain at this time. OSM plans to meet with the cooperating agency states in advance of the rule and draft EIS being published to explain how their comments were addressed. The federal cooperating agencies (EPA, Fish and Wildlife and the U.S. Army Corps of Engineers) will likely see the rule and EIS during the internal review process. A question was raised about the status of the lawsuit on the rule. OSM indicated that the plaintiffs were receiving regular updates on the status of the rulemaking. It was also suggested that OSM continue to coordinate with EPA and the Corps on stream mitigation requirements given the two years of experience that have transpired since the initiation of the rule writing process. Anything that discourages mitigation banks could be problematic.
- Mine Placement of Coal Combustion Residues – OSM has prepared a draft rule which is under review by the Solicitor's office. The agency hopes to publish a rule this summer. It is not tied in any way to EPA's rulemaking on CCRs.
- Temporary Cessation – OSM has prepared a draft rule on temporary cessation of mining operations. It has been reviewed by the Solicitor's office and is ready for review and

approval by the Director and then the Interior Department. The rule will require approval by the regulatory authority before an operator can move into temporary cessation along with various requirements to do so. It will also require approval to move out of temporary cessation. It is intended to address the abuses that OSM has seen over the years in terms of length of temporary cessation, site control, public safety and the like.

- Impoundments – OSM, like the states, is working with MSHA on the development of an MOU on impoundments and refuse piles. OSM participated in the conference call that IMCC sponsored on this topic with MSHA on April 10. IMCC was asked to share any draft or final MOUs with the member states that it may receive.

V. Update on OSM/BLM Consolidation -- OSM provided an update on the status of the OSM/BLM consolidation. There are four teams that have been tasked with implementing the report to the Secretary concerning the consolidation, as well as the Secretarial orders. The goal is to develop more specific plans for full implementation by October 1, the beginning of the 2013 fiscal year. Given that the FY 2013 budget has already been proposed and is being debated on Capitol Hill, major adjustments to program and staffing costs may not occur until a later time.

VI. Upcoming OSM/State Regional Meetings – OSM announced that there will be two OSM/State regional meetings this summer. The Appalachian Regional meeting will be June 5 and 6 at Stonewall Jackson Lake State Park in Roanoke, WV. The Western Regional meeting will likely be held sometime in August in Denver.

VII. 35th Anniversary of SMCRA Celebrations – OSM announced that plans are underway for various celebrations around the country marking the 35th anniversary of the signing of the Surface Mining Control and Reclamation Act. An event is set for August 2 in Washington, DC on the front lawn of OSM and other events are likely during that same week in the regions. Details will be forthcoming soon.

VIII. Other Issues or Concerns -- Two other matters were raised as information pieces. Several lawsuits have recently been filed in various states by the Sierra Club regarding state permitting actions related to various coal mining operations in the states of Montana, West Virginia and North Dakota. IMCC distributed an e-memo on April 25 which provided copies of the complaints in these actions. OSM provided an update on the lands unsuitable petition that has been filed in the state of Tennessee. The agency's review of the petition continues and the evaluation document is expected later this year.

The OSM/State meeting adjourned at noon and a break was taken for lunch.



Interstate Mining Compact Commission

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GREGORY E. CONRAD

Joint Meeting of the Abandoned Mine Lands Committee and the

Coal Section of the Environmental Affairs Committee Tuesday, May 1, 2012 – 1:30 p.m.

The Biltmore DoubleTree Hotel – Asheville, NC

A joint meeting of the Abandoned Mine Lands Committee and the Coal Section of the Environmental Affairs Committee was called to order by Tom Callaghan of Pennsylvania at 1:30 p.m. A list of attendees and a copy of the agenda are attached. Given that many of the issues on the agenda were previously discussed during the OSM/States meeting, the Chairman chose to realign discussions during the afternoon session and to re-open only those issues that required additional input.

I. Update on Work of OSM/States re Geomine Database

The afternoon session began with an overview by Larry Evans of West Virginia regarding the work of the states and OSM on the Geomine database pilot project. The project has recently expanded to allow participation in the "Federal GeoCloud-IP" effort, which would, among other things, validate the use of the cloud for platform savings and performance. The pilot project has also developed a Geomine Viewer which is now available for access and review. A copy of Mr. Evans' powerpoint presentation, which provides an excellent overview of the Geomine project, is available from IMCC. During discussion following the presentation, some concerns were raised about the newest expansion of Geomine beyond the basic database fields and functionalities originally envisioned. It was suggested that IMCC set up a conference call among the Geomine pilot project states and OSM to discuss the matter, especially the inclusion of viewsheds and certain permitting information and the use of Geomine for the development of Cumulative Hydrologic Impact Assessments (CHIAs) and for oversight.

II. Discussion of Water Quality Requirements for Coal Mining Permits

William James of the U.S. Army Corps of Engineers provided an update and overview of the new nationwide permits that impact the coal mining industry, specifically NWP's 21, 49 and 50. A one-page description of the Corps' recent

rulemaking on these permits is attached to these minutes. A copy of Mr. James' powerpoint presentation is available from IMCC. He noted that reverification is available for about 70 existing NWP 21's and that these permits would not need to meet the new limits set forth in the rule. He also discussed the new limits that have been established for the issuance of NWP 21's going forward. IMCC distributed an e-memo to the states on February 19, 2012 that provided an overview of the new permits as well as a copy of the final rule. Mr. James also noted that a key determination with respect to these permits relates to "jurisdictional waters" and that the Corps is seeking input from other federal agencies (such as OSM, EPA and FWS) on the implementation of this concept.

III. Impact of Hydraulic Fracturing on Coal Mines

Lanny Erdos of OH raised the concern about potential conflict of laws questions attending hydraulic fracturing for natural gas and its impact on coal seams. This has become a significant issue in Ohio and there is the potential for either legislation or regulation addressing the matter. Several states weighed in on the issue, as follows:

VA – any fracking operation would need to obtain the coal owner's approval before proceeding and this is a statutory requirement that has been in place since 1984.

IN – the state has recently modified its laws to protect owners of the coal seam.

UT – the state has not seen any geographic conflict as yet, but has a policy to provide both the coal and oil/gas operator equal treatment through voluntary agreements.

LA – the coal lease terms have precedence over the oil and gas lease and require the oil and gas company to work with the coal company regarding access to the gas or oil, especially given the length of coal leases, which is usually 40 years.

PA – while discussing the topic, the state noted that it is currently exploring the use of acid mine drainage, particularly in underground mine pools, for fracking purposes. Maryland is considering the same thing. Pennsylvania has developed legislation addressing the matter and is working with EPA to gain their approval of the practice. A copy of the PA legislation is available from IMCC.

IV. Other Issues and Concerns

In the interest of time, there were several short discussions about other issues raised during the OSM/States Meeting as follows:

- AML – the Executive Director requested that the states make him aware of any further developments concerning the interest of the press in state AML programs and funding for these programs. There is the potential for this issue to drive a wedge among the states and undermine the compromise that was forged with the 2006 Amendments, and he urged vigilance about any efforts to do so.
- Title V Grant Funding – the Executive Director requested that the states provide him with an

update on their Title V grant funding for Fiscal Years 2011 and 2012, particularly with respect to unspent funds and/or inability to match federal dollars.

- Indiana Bat Protection and Enhancement Guidelines – IMCC continues to work with OSM and FWS to review these guidelines, especially in response to the input received to a survey distributed by IMCC on the utilization of the guidelines. A technical working group is reviewing this input and will likely make recommendations for adjustments to the guidelines.

There being no further business to come before the Committee, the meeting was adjourned at 5:00 p.m.

Attachments

| Name | State/Agency/ Organization/Company | Phone & Email Address |
|--------------------|------------------------------------|---|
| Scott Fowler | Illinois DNR | 217 558-4333 Scott.Fowler@Illinois.gov |
| Bruce Stevens | Indiana AVR | 812 665-2207 bstevens@dnr.in.gov |
| Bradford Frisby | National Mining Association | (202) 463-2643 bfrisby@NMA.org |
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MAY 29 2012

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Agenda

Joint Meeting of the Abandoned Mine Lands Committee and the

Coal Section of the Environmental Affairs Committee Tuesday, May 1, 2012 — 8:30 A.M. The Biltmore DoubleTree Hotel – Asheville, NC

[NOTE: We will begin with an OSM/IMCC session on issues of common concern that will last approximately 2 hours; a states-only executive session will follow during which the following issues will be discussed. A separate agenda for the OSM/IMCC session is attached]

I. Update on and Discussion of AML Issues

- Legislative Proposals to Amend SM CRA
- Status of "Undelivered Orders" Report re Grant Expenditures
- Forced Certifications
- Limited Liability Rulemaking

II. Review and Discussion of OSM's FY 2012 Appropriation and FY 2013 Budget Request

- Congressional Activity
- State Title V Regulatory Grants – Current Expenditures; Future Needs
- Cost Recovery Proposal and Rulemakings

III. Update on Key OSM Rulemakings

- Stream Protection Proposed Rule and Draft EIS
- Mine Placement of Coal Combustion Residues
- Temporary Cessation

IV. Discussion of Water Quality Requirements for Coal Mining Permits

- Revised Nationwide Permits from U.S. Army Corps of Engineers (William James, U.S. Army Corps of Engineers)
- Use of Mine Water for Hydro-fracking (MD)

V. Other Issues of Concern to the Member States

- Update on Work of OSM/States Geocommittee (Larry Evan, WV)
- Conflicts of Laws Issues related to Fracking (Lanny Erdos, OH)
- Indiana Bat Protection and Enhancement Guidelines
- Upcoming OSM/State Regional Meetings
- OSM/BLM Consolidation
- Amicus Brief in Oklahoma TDN Litigation

"Serving the States for Over 40 Years"

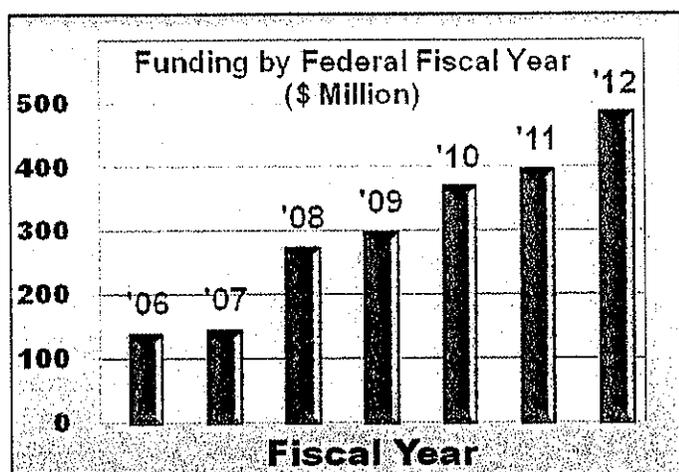
Meeting Attendee Sign-up Sheet for:
 ICC Abandoned Mine Land Committee and Coal Environmental Affairs Committee Joint Meeting
 Tuesday, May 1, 2012 - Asheville, North Carolina - 2012 Annual Meeting

| Name | State/Agency/for Organization/Company | Phone & Email Address |
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| Randy Johnson | Alabama Surface Mining Comm. | 205-221-7130 RandyJohnson@smc.alabamagov |
| William L. James | U.S. Army Corps of Engineers | 615-712-4066 william.james@usace.army.mil |
| Jonathan Burr | TN DEC - Mining Section | 865-594-5520 jonathan.burr@tn.gov |
| Paul Schmierbach | TN/DEC | 865-594-5529 paul.schmierbach@tn.gov |
| Nancy Nuttbrock | WY DEQ/LEAD | 307-777-7046 nancy.nuttbrock@yo.gov |
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| Lanny Ends | ODNR - DMRM | 330-284-3021 Lanny.Ends@dnr.state.oh.us |
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AML Programs Continue to Deliver

The Tax Relief and Health Care Act of 2006 made sweeping changes to policies, procedures and funding for the Abandoned Mine Land Program originally created by the Surface Mining Control and Reclamation Act of 1977 (SMCRA). Two years later in 2008 the Office of Surface Mining (OSM) issued final rules implementing these changes. This new OSM guidance concerning how AML programs would conduct business altered the pattern of state and tribal AML reclamation. Now in 2012 as full funding for AML programs is being fully realized, states and tribes are in the position to critically evaluate their success in implementing these sweeping changes. The National Association of Abandoned Mine Land Programs (NAAML) felt that demonstrating the success of state and tribal programs in adapting to the increased funding that was provided by the 2006 amendments to SMCRA was necessary. The Association formed an Ad Hoc Committee on Grant Funding, Expenditures and Obligations at its annual meeting in October 2011. Although compounded by the economic downturn in our nation's economy, the challenges in achieving commitment of the greatly expanded AML funding have been met, and the full potential of the AML program nationwide is being realized.

Abandoned Mine Land funding to state and tribal programs is made available through annual grants that support the reclamation construction activities intended by SMCRA, as well as the administrative functions of the AML Programs. Figure 1, AML Funding, illustrates the increasing AML funding distributed by the Office of Surface Mining. Distributions made in 2006 and 2007 represent funding levels prior to the enactment of the 2006 amendments to SMCRA. Distributions made from 2008 until 2011 occurred during the two-step phase-in period of the 2006 amendments. Distributions made in 2012 are the first year of the fully implemented funding distributions provided by the 2006 amendments to SMCRA. Since 2007, nationwide funding for the reclamation of abandoned mine lands has more than tripled over that six year period.



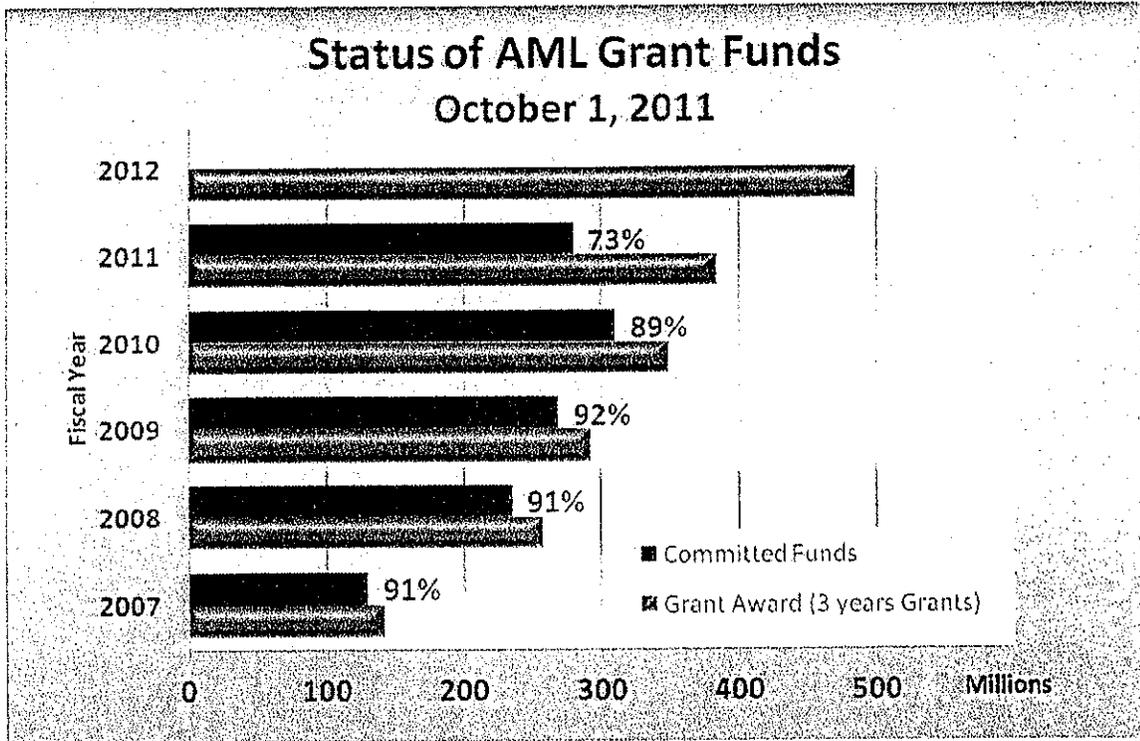
The states and tribes take their AML program responsibilities very seriously. We are in the business of protecting the lives and welfare of our citizens in an effective and efficient manner. Even with the significant increase in AML funding that resulted from the 2006 amendments the same comprehensive evaluation process historically applied to all phases of state and tribal

reclamation programs has continued to be the foundation of our operations. Our programs continue to do what they have always done; now we are simply doing more of it every year.

The full, statutorily-designated three year time period for AML grants is crucial to effectively plan, design, and contract for the reclamation of the thousands of abandoned mines throughout the country. The planning process for utilization of these grant funds includes the ranking and selection of the highest priority sites. Selection of sites for reclamation in any single grant can be done by state legislatures, tribal council or governor's offices, with public involvement, or by program staff. Sites that are selected reflect the statutory priorities of SMCRA, as well as the needs identified in conjunction with citizens, local governments, and staff that have firsthand knowledge of social and environmental impacts. Completing the environmental, cultural, historic and economic safeguards associated with federal grant funds is a key component of the planning process and requires extensive coordination and occasionally lengthy time periods. Multi-phased or layered projects can often exacerbate this up-front commitment of time.

The economic downturn in the country's overall economy has led to close examination by all federal agencies of how non-federal grant recipients are using these moneys. This analysis has focused on what are termed "undelivered orders", which is basically money that has been made available to non-federal recipients but not yet (apparently) spent. Recently, state/tribal AML programs have been collectively chastised for not "spending" the increased level of funding made available starting in 2008. "Spending" in this case is synonymous with "reimbursed by" the federal granting agency. As the granting agency, the Office of Surface Mining is able to see only the dollars awarded, and the dollars reimbursed. However, there is much territory between these two measurements.

A close analysis of the use of all funding by the AML programs nationwide reveals a completely different story. Figure 2, Status of AML Grant Funds, demonstrates the success of the state and tribal programs to effectively commit the increased AML funds. "Committed funds" are defined as those moneys that are exclusively applied to or reserved for a specific project or purpose, and are thus unavailable for any other purpose. As one example, a "normal" contract to reclaim an AML problem area requires months of design, interagency review and coordination; a lengthy bidding and contracting period; completion of the actual construction work; and finally draw down or reimbursement of funds from the federal granting agency. Some contracts can extend for multiple months or even years. The important take away from this however is that the entire amount of funding for all aspects of the project is committed on day one, when the project is selected for reclamation. Thus, committed funds, and not "undelivered orders" is the proper metric to measure the progress of AML programs in effectively using the funds.



Even as funding for AML programs has risen dramatically, there has been no mad rush to spend these moneys in an effort to meet some forced measure by the federal government that would do little other than waste money. AML programs have carefully and deliberately added staff and other technical and administrative resources as the funding was phased in over a five year period. The number or size of projects undertaken in each successive year has continued to grow in a prudent manner. The ability of state and tribal programs to effectively commit the increased program funding, although lagging initially, has gained traction and continues to increase the number of citizens protected with each successive year.



Nationwide Permit Reissuance

February 15, 2012

U.S. ARMY CORPS OF ENGINEERS

BUILDING STRONG.

Background: Under Section 404(e) of the Clean Water Act, the U.S. Army Corps of Engineers (USACE) can issue general permits to authorize activities that have minimal individual and cumulative adverse environmental effects. General permits can be issued for a period of no more than five years. A nationwide permit is a general permit that authorizes activities across the country, unless a district or division commander revokes the nationwide permit in a state or other geographic region. The nationwide permits authorize approximately 40,000 reported activities per year, as well as approximately 30,000 activities that do not require reporting to USACE districts. There are currently 49 nationwide permits, and they authorize a wide variety of activities such as mooring buoys, residential developments, utility lines, road crossings, mining activities, wetland and stream restoration activities, and commercial shellfish aquaculture activities.

The process for issuing nationwide permits is a rulemaking activity. The proposal to reissue the nationwide permits was published in the *Federal Register* on February 16, 2011, for a 60-day public comment period ending on April 18, 2011. USACE proposed to reissue 48 of the 49 existing nationwide permits. One nationwide permit was not proposed to be reissued because it depended on the implementation of a reporting system by the Pipeline and Hazardous Materials Safety Administration, which will not occur. USACE sought public comment on three options for the reissuance of nationwide permit 21, which authorizes discharges of dredged or fill material into waters of the United States for surface coal mining activities. USACE also proposed to issue two new nationwide permits to support the Administration's initiatives on renewable energy. Concurrent with the *Federal Register* notice, districts issued local public notices to solicit comment on proposed regional conditions to further restrict the use of the nationwide permits to protect local aquatic resources.

Approximately 26,600 comments were received in response to the *Federal Register* notice. The comments were evaluated and the draft final nationwide permit rule was prepared. The draft final rule was submitted to OMB on September 26, 2011, for interagency review. Eight agencies provided comments on the draft final rule. The agency comments were reviewed and some modifications were made to the draft final nationwide permits to address the agency comments.

New Nationwide Permits: Most of the new nationwide permits have no major changes from 2007, the last time the nationwide permits were authorized in accordance with the law. The revised permits will streamline the requirements of the Clean Water Act, and are informed by extensive feedback from the public and key stakeholders. The Corps is reissuing 48 permits and adding two new ones. These permits provide expedited review of projects that have minimal impact on the aquatic environment. Categories of activities that may be covered under these NWP's include linear transportation projects, bank stabilization activities, residential development, commercial and industrial developments, aids to navigation and certain maintenance activities.

The two new nationwide permits provide an appropriate mechanism for quickly evaluating land-based and water-based renewable energy proposals in support of the Administration's clean energy initiatives. Notification requirements and impact limits have been revised for some permits to provide greater national consistency and foster making timely decisions for the regulated community. Effective decisions will be enhanced by interagency coordination on certain activities while continuing to maintain an expeditious process for all permit evaluations. All improvements, additions, and revisions to the package are consistent with our commitment to evaluate minor activities efficiently, while ensuring appropriate environmental protection for our nation's aquatic resources.

USACE division engineers may add, after public review and consultation, regional conditions to nationwide permits in order to protect local aquatic ecosystems such as fens or bottomland hardwoods, or to minimize adverse effects on fish or shellfish spawning, wildlife nesting or other ecologically critical areas. Division and district commanders are also charged with ensuring appropriate coordination and consultation occurs with federally-recognized American Indian and Alaska Native governments.

U.S. ARMY CORPS OF ENGINEERS – HEADQUARTERS
441 G. Street, N.W., Washington, D.C. 20314-1000
<http://www.usace.army.mil>

Highlights of the New Nationwide Permits: NWP 21 – The NWP 21 for Surface Coal Mining Activities is revised to impose new limits on stream impacts that may be authorized, consistent with the other NWPs, and prohibits valley fills under this NWP. This updated permit was based on extensive feedback from the public and key stakeholders and leverages important flexibilities while also taking steps to protect aquatic resources. Updated permits will only be necessary for new or expanded activities. Operators that relied upon previously verified surface coal mining authorizations, but have not yet completed work in waters of the U.S., may request re-verification under the 2012 NWP 21 of all previously authorized activities.

NWP 48 – The NWP 48 for Existing Commercial Shellfish Aquaculture Activities is revised to provide greater flexibility in its use. For example, NWP 48 now incorporates provisions that authorize activities that are consistent with other federal/state/tribal and local regulatory authorities. Incorporating these already authorized activities will reduce the number of activities that require review by individual Corps districts.

NWP 51 – This new NWP covers Land Based Renewable Energy General Facilities including facility construction, expansion or modification, including attendant features.

NWP 52 – This new NWP 52 covers Water Based Renewable Energy Generation *Pilot Projects* including water based wind or hydrokinetic proposals.

Renewable energy facilities on both land and water may also continue to make full use of existing general permits to the full extent that they have previously done so.

Public Interests: The nationwide permit reissuance is of interest to various entities involved in the development of our nation's economy and the employment and well-being of our citizens, such as agricultural producers, housing developers, industrial and commercial development companies, utility companies, mining industries, transportation departments, and commercial and recreational uses of our navigable waterways. The nationwide permit reissuance is also of interest to government agencies and non-governmental organizations who seek protection of natural resources and other environmental qualities. The nationwide permits provide incentives to avoid and minimize impacts to wetlands, streams, and other aquatic resources because of the limits and other conditions imposed on these authorizations. The signed nationwide permit final rule have been submitted to the *Federal Register* for publication and a pre-publication copy of the final nationwide permits will be posted on USACE's Web site

<http://www.usace.army.mil/Missions/CivilWorks/RegulatoryProgramandPermits/NationwidePermits.asp>

X.

Executive Director's Report on Activities of the Compact and Performance Goals

The following is a report on recent activities of the Interstate Mining Compact Commission (IMCC) during the period October 15, 2012 – April 12, 2013, as well as a report on the Executive Director's performance goals for Evaluation Year 2013 (April 1, 2012 – April 1, 2013). For presentation purposes, the report is organized by performance goal.

OVERVIEW

Following the national election in November, legislative and regulatory activity in our Nation's Capitol slowly but surely began to reemerge from the political hiatus that often accompanies elections. The lame duck Congress was pre-occupied with the automatic budget cuts (referred to as "sequestration") that were scheduled to take place on January 1 pursuant to the agreement between the Administration and Congress embodied in the Budget Control Act of 2011. Between this critical decision point and the reorganization that attends a new Congress, no other legislative activity affecting the states took place beyond the re-introduction of several bills that did not survive the 112th Congress, including the use of abandoned mine land (AML) moneys for noncoal reclamation, revisions to the Mine Safety and Health Act, national critical and strategic minerals, and various Clean Water Act adjustments.

Based on the decision by Congress to postpone automatic budget cuts until March 1, and given the uncertainty attending potential impacts from sequestration, official Washington has been paralyzed on the budget front, which has in turn resulted in many policy and regulatory decisions being held in abeyance pending ultimate resolution. The Administration missed the early February deadline for submitting a proposed FY 2014 budget to Congress and is not expected to do so until mid-March. In addition to this action, Congress and the Administration will face the new sequestration date of March 1 and then on March 27, the end date for the current FY 2013 continuing resolution on

funding for the federal government. Beyond this, the parties will also have to engage once again on the debt ceiling limit, which is set to expire sometime after May 15. All of this frenetic activity on appropriations and budgets has made for a rather disconcerting dynamic in terms of addressing more substantive policy and regulatory issues. IMCC has attempted to keep its finger on the pulse of this activity in order to inform the member states about the implications for state grants and state/federal interaction.

Improve Methods for Communication with and Information Exchange Among the Member States to Enhance State Regulatory Program Implementation

During the performance period, IMCC published its annual report for 2011, which was distributed to member states, prospective member states and other interested parties. It is also available on IMCC's website. IMCC conducted its annual audit on August 1 and the report of the auditors was distributed to the member states on August 28. IMCC published four e-newsletters during the period and updated its website with several new enhancements, including presentation materials from IMCC's meetings. We have also added materials from IMCC-sponsored benchmarking workshops over the past several years. Beginning in 2012, copies of the Executive Director's reports area also available on the website, which can be useful in presenting an overview of our most current, active issues and initiatives. An updated membership directory, as well as meeting announcements and other information, continues to be available on the website.

IMCC sent 32 informational e-memos to the member states during the period on the following subjects: AML legislative updates; FY 2013 budget updates; updates re EPA's anticipated rulemaking on financial responsibility under Section 108(b) of CERCLA; MSHA's final rule on examinations of work areas in underground mines; Clean Water Act issues; Good Samaritan protections, and recent court decisions. These e-memos were in addition to those regarding meeting announcements and logistics and conference calls, reported on below.

IMCC sponsored two regional noncoal workshops. The Eastern States Workshop was held on December 11 and 12 in Charlotte, North Carolina and focused on electronic permitting, resource identification and preservation issues (including uranium mining in Virginia), financial responsibility issues, and state noncoal legislative and regulatory updates. A total of 25 state agency personnel

attended. The second workshop, which will focus on western mining issues, will be held on March 27 and 28 in Salt Lake City. We anticipate approximately 30 state and federal agency participants. In preparation for each of these workshops, several conference calls were held with the respective steering committees and presenters.

IMCC sponsored and facilitated a meeting to discuss water quality issues related to mining on September 6 in St. Louis, Missouri at which 45 state agency officials from across the country participated. It was preceded by a dinner meeting on September 5 to discuss various SMCRA issues with 25 state representatives participating. In preparation for the water issues meeting, IMCC discussed the matter with staff from the Association of Clean Water Administrators (ACWA), the Environmental Council for the States (ECOS) and the Western Governors Association (WGA) to insure effective coordination of our respective efforts. IMCC spent considerable time during the period researching and otherwise preparing for the water quality meeting given that this is a relatively new issue area for IMCC.

IMCC continues its working relationships with the National Association of Abandoned Mine Land Programs (NAAML) and participated in the NAAML Annual Conference from September 23 – 26 in Des Moines, Iowa. Mr. Conrad presented a paper on “Pursuing Productive Partnerships: Progress, Pitfalls and Political Prognosis” and also provided a regulatory and legislative issues briefing at the business meeting on September 26. IMCC attended and provided a regulatory and legislative issues briefing at the NAAML Winter Meeting on March 11 and 12 in Annapolis, MD. Conference calls among several IMCC and NAAML member states were held on August 8 and 14 and September 12 to discuss pending AML legislation contained in the Continuing Resolution for FY 2013. This activity was preceded by an unexpected legislative maneuver contained in the Surface Transportation Bill (MAP-21) in late June which restricted AML funding for certified states and tribes by placing a cap of \$15 million on all payments to these states and tribes. In conjunction with its work on AML legislation, IMCC also meet via conference call with staff members from Earthworks (on August 24) and the Western Pennsylvania Watershed Association (on October 4). IMCC also met with congressional staff from Representative Lummis’s (R-WY) office (on November 29) and Representative Cramer’s (R-ND) office (on January 18) to discuss AML issues.

IMCC has been approached by the Legacy Management Office within the U.S. Department of Energy to assist with coordinating state/tribal input via

IMCC and NAAMLPLP regarding a report to Congress on abandoned uranium mines. The Defense Authorization Act of 2013 requires that an inventory, status of efforts to remediate or reclaim, and an evaluation of the risks associated with domestic abandoned uranium mines be undertaken by DOE. The Legacy Management Office will provide an overview of the report and the need for state/tribal input at the IMCC Western Noncoal Minerals Workshop in Salt Lake City on March 28 and the topic will also be discussed at upcoming IMCC and NAAMLPLP meetings.

On February 6, OSM released its long-awaited proposed rule on limited liability protections for certified states and tribes doing noncoal reclamation work under SMCRA. IMCC, with the assistance of former Wyoming AML Director Rick Chancellor, is developing an analysis of the rule and draft comments.

Mr. Conrad participated in the 2012 Conference of Government Mining Attorneys (COGMA) on September 18 and 19 in Knoxville, Tennessee, at which he presented a paper entitled: "SMCRA Issues Update: Sustainable State Sovereignty?"

IMCC also continues its working relationship with the Western Governors Association and met via conference call with WGA on three occasions to discuss EPA's rulemaking on financial responsibility requirements for the hardrock mining industry under Section 108(b) of CERCLA. IMCC met with minority staff from the Senate Energy and Natural Resources Committee on July 26 and November 29 to discuss the status of EPA's rulemaking and potential state input in advance of the proposed rule. IMCC also adopted a resolution regarding this potential rulemaking at its Mid-Year meeting, which was conveyed to EPA Administrator Jackson via letter of October 17.

IMCC also met via conference call with WGA and the Interstate Oil and Gas Compact Commission (IOGCC) to discuss the U.S. Extractive Industries Transparency Initiative (USEITI) and who should represent the states on the USEITI Advisory Committee. USEITI is a voluntary, global effort (in which the U.S. is participating) designed to increase transparency, strengthen the accountability of natural resource revenue reporting and build public trust for the governance of these activities. In the end, the executive directors of both IMCC and IOGCC were nominated to serve in this capacity and were appointed by Secretary of Interior Ken Salazar to serve on the Committee. Conference calls were held with the facilitator for USEITE to discuss the role of the states

on August 15 and 17 and February 7. IMCC attended the first meeting of the USEITE Advisory Committee on February 13 in Washington, DC. Following the meeting, IMCC sent a memo to the member states requesting data and information regarding state revenues and the accounting and auditing protocols associated therewith.

Enhance Existing Working Relationships with Federal Government Agencies and Congress to Effectively Communicate State Positions on Key Issues and to Foster Partnerships

During the period, extensive work was undertaken by IMCC to represent the interests of the states regarding legislation to amend the AML program under Title IV of SMCRA. Numerous phone calls and e-mails were exchanged with congressional staff from the House Appropriations and Natural Resources Committees and the Senate Energy and Natural Resources and Environment and Public Works Committees concerning the Surface Transportation bill (MAP-21) and the Continuing Resolution for Fiscal Year 2013, both of which contained amendments to SMCRA. IMCC met with Rep. Lummis (R-WY) on July 24 to discuss the legislation. Earlier in the year, IMCC met with congressional staff of these same committees to discuss the proposed FY 2013 budget for the Office of Surface Mining. IMCC monitored a markup of the Interior Department's FY 2013 appropriations measure by the full House Appropriations Committee on June 27, as well as an oversight hearing by the House Natural Resources Committee regarding OSM's stream protection rule on July 19. IMCC, together with NAAML, submitted letters on November 27 to the House and Senate Appropriations Committees regarding the impacts of sequestration on state grant programs. IMCC, together with NAAML, also sent letters to the House leadership on December 5 urging a vote on S. 897, a bill to allow the use of AML payments for noncoal reclamation and AMD set-aside programs. The bill passed the Senate and the House Natural Resources Committee earlier in the year. IMCC hosted a conference call between OSM and the IMCC and NAAML member states and tribes on January 29 to discuss the status of FY 2013 appropriations, and in particular the Title IV and Title V grant distributions in light of sequestration limitations. IMCC followed up with a memo to OSM containing information from the states regarding the status of funding for their respective grant programs under Titles IV and V.

IMCC attended a meeting between OSM's Appalachian Regional staff and the states on June 5 and 6 in Roanoke, WV. IMCC also attended a meeting

between OSM's Western Regional staff and the states on August 21 and 22 in Denver, CO.

IMCC continues its work as a member of the National Technology Transfer Team. Conference calls were held on May 23, July 3, September 11, and December 20 in 2012 and January 17 and March 20 in 2013. IMCC is participating as a member of the steering committee planning the next Indiana Bat Technical Forum, with conference calls held on June 27 and August 28 in 2012 and January 15 and March 13 in 2013. IMCC also continues to serve as a member of the executive management team overseeing development of the Range-wide Indiana Bat Guideline Document. The team met via conference call on February 8th to discuss the most recent revisions to the guidelines. Given state concerns regarding the interaction between this document and a separate set of guidelines proposed by the U.S. Fish and Wildlife Service (FWS) regarding summer habitat for the bat, a conference call of affected states was held on February 26 to discuss the matter. It was agreed that IMCC should submit comments on the FWS proposal, which were filed on March 11. IMCC also serves on the Geomine Pilot Project Steering Committee, which met via conference call on May 18, June 13, August 1, 14 and 27 and September 13 in 2012 and on January 29 and February 7 in 2013. IMCC submitted a proposal to OSM for funding a workshop on geospatial technology enhancements to be held in late 2013 or early 2014. IMCC attended OSM's celebration of the 35th Anniversary of SMCRA on August 2 in Washington, DC, along with a roundtable discussion which followed. IMCC also serves on the steering committee that is formulating the next OSM technical forum on mine placement of coal combustion residues. The committee met via conference call on November 20 in 2012 and on January 16 and March 5 in 2013.

IMCC facilitated a meeting between state and MSHA officials on January 23 in MSHA's headquarters in Arlington, VA to discuss a variety of issues including dam safety, mine rescue, certifications, regulation of coal waste impoundments and state training grants. This meeting was preceded by a states-only meeting on January 22 to prepare for the session with MSHA.

Several IMCC member states are working with a team of representatives from OSM to discuss the implications of potential new bankruptcies in the coal industry due to the downturn in coal markets, particularly with respect to bond forfeitures. The team is also exploring the use of alternative enforcement options to address the matter. A conference call of the OSM/State team was held on February 12.

IMCC has also worked with a handful of affected member states to explore the potential of resolving differences between the states and OSM regarding permit termination requirements under Section 506(c) of SMCRA. IMCC developed an option paper that discusses several approaches for addressing the issue, but no action has been taken with regard to next steps.

IMCC met via conference call on May 23 with a consultant that is facilitating a series of discussions between EPA, the Bureau of Land Management and the U.S. Forest Service concerning EPA's rulemaking under Section 108(b) of CERCLA. IMCC also participated in a webinar regarding mining issues hosted by EPA on June 13, as well as a webinar on MSHA's mine examiners rule on June 22.

IMCC adopted a resolution at its 2012 Mid-Year meeting regarding the proposed OSM-BLM consolidation and the resolution was sent to Deputy Interior Secretary David Hayes via letter of October 17. A resolution on state primacy was also adopted at the Mid-Year meeting and was sent to OSM Director Pizarchik via letter of October 17. A resolution on federalism and funding was also discussed at the meeting and was later approved by polling of the member states in early November. It accompanied our letter sent to the House and Senate Appropriation Committees on November 27 regarding sequestration.

Advance the Organizational, Institutional, Financial and Administrative Integrity of IMCC. Pursue Additional Member States and Retain Existing Member States.

In addition to pursuing a contract with OSM to fund a benchmarking workshop on geospatial technology, IMCC negotiated and received a contract for services with the NAAML in the amount of \$15,000 effective October 1, 2012. Nevada joined IMCC as its newest associate member state on July 1. IMCC has discussed membership with the states of Montana and Arizona and continues to work with the states of Alaska, Utah, New Mexico and Colorado on proposed legislation to bring them into the compact as full members. Alaska has re-introduced legislation for full membership and IMCC testified via conference call before the Senate State Affairs Committee (on February 12) and the Senate Finance Committee (on February 27). IMCC met with staff from the South Carolina Department of Health and Environmental Control on May 14 in

Columbia, South Carolina to discuss the state's ability to pay dues in FY 2013 and its continued membership in IMCC.

IMCC met via conference call on May 17, July 18 and September 27 with the Ad Hoc Committee on Financial and Organizational Integrity Issues to discuss a variety of issues affecting IMCC, including state dues assessments for both full and associate member states, IMCC priorities and workloads, compact legislation for new member states, open meeting requirements and other legal requirements related to compact membership. IMCC's legal counsel, Rick Masters, is preparing additional analysis on several of these issues in advance of the 2013 annual meeting in Cincinnati, which he hopes to attend.

IMCC worked with the state of West Virginia to prepare an *amicus curiae* brief for submission in litigation before the U.S. Court of Appeals for the Tenth Circuit involving Ten-Day Notice and permitting issues brought by the Oklahoma Department of Mines. The brief was filed on November 19. IMCC is also participating as *amicus* in two proceedings before the U.S. District Court for the District of North Dakota regarding policy memoranda and conflict of interest requirements under SMCRA. IMCC submitted its brief on the policy memoranda issues on January 15, following consultation with the member states. The brief on the conflict of interest requirements is due in early April.

Interstate Mining Compact Commission

Financial Statements
and Independent Auditors' Report

June 30, 2012

Interstate Mining Compact Commission

Financial Statements
June 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Commissioners of
Interstate Mining Compact Commission

We have audited the accompanying statement of financial position of the Interstate Mining Compact Commission ("the Commission") as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission at June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 10-11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Vienna, Virginia
August 14, 2012

Interstate Mining Compact Commission

Statement of Financial Position June 30, 2012

| | |
|-----------------------------------|--------------------------|
| Assets | |
| Cash | \$ 111,183 |
| Investments | 400,000 |
| Accounts receivable | 71,175 |
| Interest receivable | 3,730 |
| Prepaid expenses and deposits | 5,092 |
| Property and equipment, net | <u>3,623</u> |
| Total assets | <u><u>\$ 594,803</u></u> |
| Liabilities and Net Assets | |
| Liabilities | |
| Accrued vacation | \$ 42,396 |
| Deferred rent | <u>5,099</u> |
| Total liabilities | <u>47,495</u> |
| Net Assets | |
| Unrestricted | <u>547,308</u> |
| Total net assets | <u>547,308</u> |
| Total liabilities and net assets | <u><u>\$ 594,803</u></u> |

See accompanying notes.

Interstate Mining Compact Commission

Statement of Activities
For the Year Ended June 30, 2012

| | |
|---|--------------------------|
| Unrestricted Revenue and Support | |
| Assessments | \$ 544,073 |
| Government grants and contracts | 20,000 |
| Conferences and meetings | 16,575 |
| Interest income | 8,973 |
| Other income | 146 |
| | <hr/> |
| Total revenue and support | 589,767 |
| | <hr/> |
| Expenses | |
| Government programs | 20,000 |
| Administrative and general | 499,360 |
| | <hr/> |
| Total expenses | 519,360 |
| | <hr/> |
| Change in Net Assets | 70,407 |
| Net Assets, beginning of year | 476,901 |
| | <hr/> |
| Net Assets, end of year | <u><u>\$ 547,308</u></u> |

See accompanying notes.

Interstate Mining Compact Commission

Statement of Cash Flows For the Year Ended June 30, 2012

| | |
|--|--------------------------|
| Cash Flows from Operating Activities | |
| Change in net assets | \$ 70,407 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 940 |
| Change in operating assets and liabilities: | |
| Decrease in accounts receivable | 27,848 |
| Increase in interest receivable | (3,730) |
| Decrease in prepaid expenses and deposits | 1,446 |
| Increase in accrued vacation | 3,753 |
| Decrease in deferred rent | (217) |
| | <hr/> |
| Net cash provided by operating activities | 100,447 |
| | <hr/> |
| Cash Flows from Investing Activities | |
| Purchase of property and equipment | (3,029) |
| | <hr/> |
| Net cash used in investing activities | (3,029) |
| | <hr/> |
| Net Increase in Cash | 97,418 |
| Cash, beginning of year | 13,765 |
| | <hr/> |
| Cash, end of year | <u><u>\$ 111,183</u></u> |

See accompanying notes.

Interstate Mining Compact Commission

Notes to Financial Statements
June 30, 2012

1. Nature of Operations

The Interstate Mining Compact Commission (“the Commission”) is a multi-state member organization that represents the natural resource interests of its member states. First envisioned in 1964, the Commission came into existence in 1970 with the entry of its first four states and established its headquarters in the Commonwealth of Virginia in 1988. The Commission serves as a forum for interstate action and communication on issues of concern to the member states. Its mission includes stimulating the development and production of each state’s mineral wealth with corresponding protection of the environment through effective regulatory programs that draw many of the states together in the prosecution of the Commission’s work.

2. Summary of Significant Accounting Policies

Basis of Accounting

For accounting purposes, the Commission possesses qualities in varying degrees of a not-for-profit, charitable membership organization, as defined in the American Institute of Certified Public Accountants’ “*Audit and Accounting Guide for Not-for-Profit Organizations*.” Accordingly, the accompanying financial statements are presented utilizing generally accepted accounting principles for not-for-profit organizations.

Classification of Net Assets

The Commission follows Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*. Net assets are classified based on the presence or absence of donor-imposed restrictions. At June 30, 2012, all of the Commission’s net assets were unrestricted and represent funds that are available for support of operations.

Investments

Investments at June 30, 2012 consist of certificates of deposit. Investments are recorded at fair value based on quoted market prices.

Accounts Receivable

Accounts receivable for assessment dues are carried at original invoice amounts. At June 30, 2012 assessment dues receivable were \$71,175. No allowance for doubtful accounts is estimated, since management believes that these dues will be collected.

Interstate Mining Compact Commission

Notes to Financial Statements
June 30, 2012

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment with a projected useful life exceeding one year and in excess of \$500 are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from five to seven years.

Revenue Recognition

The Commission offers memberships to all qualifying states that express interest in the protection and restoration of land, water and other resources affected by mining. Membership dues are based on a dues structure approved by the Commissioners and dues are recognized as revenue over the assessment period, which is on the Commission's fiscal year basis. Dues received that are applicable to the following year are recorded as deferred assessments. There were no deferred assessments dues at June 30, 2012.

Grants and contributions are recorded as revenue when received or promised. The Commission reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to a certain purpose or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the period received.

Revenue from other sources is recognized as earned.

Fair Value Measurements

The Commission follows Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and level 3 is based on unobservable inputs.

Interstate Mining Compact Commission

Notes to Financial Statements
June 30, 2012

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of the Commission's activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs benefited. Administrative and general includes expenditures incurred to run core initiatives of the Commission and are funded primarily through assessments. Government programs represent programs funded exclusively through government grants and contracts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Commission has evaluated events and transactions for potential recognition or disclosure through August 14, 2012, the date the financial statements were issued.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Commission to significant concentrations of credit risk consist of cash and investments. Various cash deposit and transaction accounts are maintained with a financial institution, including interest-bearing accounts that are within insurable limits under the Federal Depository Insurance Corporation (FDIC). Noninterest-bearing cash accounts are fully insured, without limit, through December 31, 2012, under new financial regulatory reform legislation.

The Commission also maintains investments with a financial institution. The Commission has not experienced any credit losses on its investments to date, as it relates to SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Interstate Mining Compact Commission

Notes to Financial Statements
June 30, 2012

4. Property and Equipment

The Commission held the following property and equipment at June 30, 2012:

| | | |
|----------------------------------|--------|-------------------------|
| Furniture and equipment | \$ | 43,586 |
| Computer equipment and software | | <u>18,021</u> |
| Total property and equipment | | 61,607 |
| Less: accumulated depreciation | | <u>(57,984)</u> |
| Property and equipment, net | \$ | <u><u>3,623</u></u> |

5. Commitment

The Commission leases office space under an operating lease with restricted cancellation clauses. In February of 2009, the lease was amended for an additional five years ending in April 2014. The amended lease provides for an annual rental increase of 5%. Rent expense for the year ended June 30, 2012 was \$36,714 and is reported as rent expense in the accompanying schedule of comparison of expenses and budget.

Total future minimum lease payments are as follows for the years ending June 30:

| | | |
|-----------------------------------|--------|--------------------------|
| 2013 | \$ | 38,618 |
| 2014 | | <u>33,512</u> |
| Total future minimum payments | \$ | <u><u>72,130</u></u> |

6. Fair Value Measurements

Fair value of assets measured on a recurring basis is as follows at June 30, 2012:

| | Total fair value | Quoted prices in active markets (level 1) | Significant other observable inputs (level 2) | Significant unobservable inputs (level 3) |
|-------------------------|---------------------|---|---|---|
| Certificates of deposit | <u>\$ 400,000</u> | <u>\$ 400,000</u> | <u>\$ -</u> | <u>-</u> |

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. There were no level 2 or level 3 financial assets at June 30, 2012.

Interstate Mining Compact Commission

Notes to Financial Statements
June 30, 2012

7. Retirement Plans

Effective January 1, 2009, the Commission adopted a new amended defined contribution retirement plan qualified under section 403(b) of the Internal Revenue Code (IRC). All employees who meet certain age and employment requirements are eligible to participate in the plan. For the year ended June 30, 2012, the Commission made non-elective contributions equal to approximately 12% of compensation. The Commission made contributions to the plan totaling \$36,477 for the year ended June 30, 2012, which is included in employee benefits expense in the accompanying schedule of comparison of expenses and budget.

In addition, the Commission maintains a tax deferred annuity plan. Employees are eligible to participate in this plan immediately. The Commission makes no contributions to this plan.

8. Government Grants and Contracts

The Commission has a contract with OSM under the Benchmarking Program. The purpose of this program is to conduct planning for one or more benchmarking sessions, to improve communication between states so that successful protocols are shared and adopted, and to strengthen and enhance OSM/state partnerships and communication by recording and documenting topics for benchmarking and distributing results to the states and OSM. Expenses incurred under this contract were \$15,000 for the year ended June 30, 2012. In addition, \$5,000 was received from Mine Safety and Health Administration (MSHA) within the U.S. Department of Labor related to the Commission's benchmarking initiative.

9. Income Taxes

The Commission qualifies as a tax-exempt organization under Section 115(1) of the IRC. Accordingly, no provision for income tax is made. In addition, the Commission qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Commission had no significant uncertain tax positions for the year ended June 30, 2012.

SUPPLEMENTAL INFORMATION

Interstate Mining Compact Commission

Schedule of Assessments from Member States For the Year Ended June 30, 2012

| Member State: | <u>Assessments Received</u> | <u>Assessments Receivable</u> | <u>Total Assessments</u> |
|--------------------------|---------------------------------|-----------------------------------|------------------------------|
| Alabama | \$ 28,092 | \$ - | \$ 28,092 |
| Arkansas | 17,912 | - | 17,912 |
| Illinois | 26,526 | - | 26,526 |
| Indiana | 25,481 | - | 25,481 |
| Kentucky | 53,409 | - | 53,409 |
| Louisiana | 17,390 | - | 17,390 |
| Maryland | 15,564 | - | 15,564 |
| Missouri | 24,177 | - | 24,177 |
| New York | 10,522 | 71,175 | 81,697 |
| North Carolina | 18,435 | - | 18,435 |
| North Dakota | 16,086 | - | 16,086 |
| Ohio | 25,743 | - | 25,743 |
| Oklahoma | 18,174 | - | 18,174 |
| Pennsylvania | 42,708 | - | 42,708 |
| South Carolina | 16,608 | - | 16,608 |
| Tennessee | 18,174 | - | 18,174 |
| Texas | 34,878 | - | 34,878 |
| Virginia | 31,224 | - | 31,224 |
| West Virginia | 54,947 | - | 54,947 |
| New Mexico | 10,000 | - | 10,000 |
| Alaska | 7,500 | - | 7,500 |
| Utah | 7,500 | - | 7,500 |
| Wyoming | 7,500 | - | 7,500 |
| Colorado | 5,000 | - | 5,000 |
| Total assessments | <u>\$ 533,550</u> | <u>\$ 71,175</u> | <u>\$ 604,725</u> |

Interstate Mining Compact Commission

Schedule of Comparison of Expenses and Budget
For the Year Ended June 30, 2012

| | Government Programs | Administrative and General | Totals | Budget | Variance Over (Under) |
|-------------------------------------|------------------------|-------------------------------|-------------------|-------------------|-----------------------------|
| Salaries | \$ 7,500 | \$ 307,578 | \$ 315,078 | \$ 312,000 | \$ 3,078 |
| Employee benefits | - | 84,731 | 84,731 | 115,000 | (30,269) |
| Rent | - | 36,714 | 36,714 | 37,000 | (286) |
| Conference and meetings | - | 22,399 | 22,399 | 25,000 | (2,601) |
| Travel | - | 15,543 | 15,543 | 22,000 | (6,457) |
| Contractual services | - | 10,931 | 10,931 | - | 10,931 |
| Publications | - | 2,786 | 2,786 | 10,000 | (7,214) |
| Telephone | - | 7,293 | 7,293 | 12,000 | (4,707) |
| Auditing | - | 4,700 | 4,700 | 6,500 | (1,800) |
| Postage | - | 1,084 | 1,084 | 3,000 | (1,916) |
| Equipment expenses | - | 2,520 | 2,520 | 3,000 | (480) |
| Office supplies | - | 5,026 | 5,026 | 3,500 | 1,526 |
| Other expenses | - | 2,294 | 2,294 | 2,600 | (306) |
| Insurance | - | 4,852 | 4,852 | 4,500 | 352 |
| Printing | - | 750 | 750 | 1,900 | (1,150) |
| Registration fees and subscriptions | - | 625 | 625 | 2,000 | (1,375) |
| Utilities | - | 1,094 | 1,094 | 2,000 | (906) |
| Depreciation | - | 940 | 940 | - | 940 |
| Overhead allocation | 12,500 | (12,500) | - | - | - |
| Total Expenses | \$ 20,000 | \$ 499,360 | \$ 519,360 | \$ 562,000 | \$ (42,640) |

August 14, 2012

To the Board of Directors and Management of
Interstate Mining Compact Commission

We are providing this letter to advise you of matters required to be communicated under professional standards, and to discuss our consideration of internal control in our recently completed audit of the financial statements of the Interstate Mining Compact Commission (“the Commission”) as of and for the year ended June 30, 2012.

REQUIRED COMMUNICATIONS

Responsibility Under Auditing Standards Generally Accepted in the United States

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you. Additional information is included in the section of this letter entitled *Consideration of Internal Control*.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Commission’s audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. We have not been apprised of the use of any documents containing the audited financial statements and, accordingly, have not reviewed any other documents for possible material inconsistencies with the audited financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated in both the engagement letter and during the planning stages of the audit.

Qualitative Aspects of Significant Accounting Practices*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in the notes to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2012. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions, and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We evaluated the key factors and assumptions used to develop any key estimates, and determined they were reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Commission's financial statements relate to revenue recognition and similar policies, which are disclosed in the financials and are in accordance with general industry standards.

Uncorrected and Corrected Misstatements

Professional standards require us to accumulate all known and likely *uncorrected* misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no such items noted during our audit.

Uncorrected and Corrected Misstatements (continued)

In addition, professional standards require us to communicate to you all material, *corrected* misstatements that were brought to the attention of management as a result of our audit procedures. Our audit resulted in the following adjustments:

1. To record accounts receivable for assessment revenue for New York state, this entry increased accounts receivable and assessment revenue by \$10,522.
2. To record accrued interest receivable, this entry increased interest receivable and interest revenue in the amount of \$3,730.
3. To properly state accrued vacation in the amount of \$3,753 by increasing liability and salary expense.
4. To properly state prepaid expenses by decreasing prepaid expenses and increasing expenses in the amount of \$1,446.
5. To properly state deferred rent by decreasing deferred rent liability and rent expense in the amount of \$217.
6. To capitalize fixed assets in the amount of \$3,029 and record depreciation expense for the fiscal year 2012 in the amount of \$940.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the Commission's financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Representations Requested from Management

As required under professional standards, we have requested certain written representations from management, which are included in a letter from management to us dated August 14, 2012. A copy of that letter has been retained by management and is available for review.

Consultation with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Commission, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the auditors.

Difficulties Encountered in Performing the Audit

We are required to report any difficulties or unusual delays encountered while performing the audit. The audit was completed in a timely manner and we had access to all requested documents. Management was very knowledgeable and responsive to our requests throughout the process.

CONSIDERATION OF INTERNAL CONTROL

In planning and performing our audit of the financial statements of the Commission for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

SUMMARY

This letter is intended solely for the information and use of the Board of Directors and Management of the Commission and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "ROGERS + COMPANY PLLC". The signature is written in a cursive, slightly stylized font.**ROGERS & COMPANY PLLC**



Interstate Mining Compact Commission

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Wyoming

EXECUTIVE DIRECTOR

GREGORY E. CONRAD

June 14, 2012

MEMORANDUM

TO: All Commissioners

FROM: Gregory E. Conrad, Executive Director

RE: Fiscal Year 2013 Dues Assessment

Enclosed is your state's dues assessment for fiscal year 2013 (July 1, 2012 - June 30, 2013). Your state's assessment is based on the formula approved by the Commission in 1991. The assessment for your state is based upon the value of mineral production (coal and noncoal) for the state, as provided by the U.S. Geological Survey and Energy Information Administration. The total amount of assessments for all states (\$522,000) is based upon the approved projected budgets of the Compact for fiscal years 2012 and 2013. A chart reflecting the calculation of the amounts for each state is enclosed for your reference. This chart has been previously distributed to the states at several past meetings. Associate member states' dues reflect the amounts adjusted at the Annual Meeting in North Carolina in 2012.

Should you have any questions concerning your state's assessment, please do not hesitate to contact me. Also, if you anticipate any difficulties in paying your assessment (either in terms of the amount or the timing), please let me know. I will need to inform the Finance Committee of any significant changes at their next meeting.

Also, please keep in mind that a portion of your IMCC dues can be paid using federal grant moneys. A memo from the Office of Surface Mining (OSM) regarding the use of OSM grant moneys to legitimately pay IMCC dues is enclosed. I understand that grants from other federal agencies (such as EPA) work much the same way. This may be a useful mechanism for funding IMCC dues with moneys other than state revenues.

Enclosure

STATES= DUES ASSESSMENTS
FISCAL YEARS 2012 AND 2013
(Based on 2009 U.S. Geological Survey and 2008 Energy Information Administration
Production and Price Figures)

| State | Total Coal Dollar Value (Thousands) | Total Noncoal Dollar Value (Thousands) | Total Coal & Noncoal Dollar Value (Thousands) | % Production | Equal Shares of \$522,000 | Pro-Rata Shares | 2 Year Total Shares | 1 Year (or 50%) |
|----------------|-------------------------------------|--|---|--------------|---------------------------|-----------------|---------------------|-----------------|
| Alabama | 1,470,583 | 991,000 | 2,461,583 | 5.5 | 27,473 | 28,710 | 56,183 | 28,092 |
| Arkansas | 2,208 | 705,000 | 707,208 | 1.6 | 27,473 | 8,352 | 35,825 | 17,912 |
| Illinois | 1,326,582 | 874,000 | 2,200,582 | 4.9 | 27,473 | 25,578 | 53,056 | 26,526 |
| Indiana | 1,257,464 | 776,000 | 2,033,464 | 4.5 | 27,473 | 23,490 | 50,963 | 25,481 |
| Kentucky | 6,178,430 | 638,000 | 6,816,430 | 15.2 | 27,473 | 79,344 | 106,817 | 53,409 |
| Louisiana | 122,976 | 494,000 | 616,976 | 1.4 | 27,473 | 7,308 | 34,781 | 17,390 |
| Maryland | 120,663 | 182,000 | 302,663 | 0.7 | 27,474 | 3,654 | 31,128 | 15,564 |
| Missouri | 7,904 | 1,800,000 | 1,807,904 | 4.0 | 27,474 | 20,880 | 48,354 | 24,177 |
| New York | N/A | 1,270,000 | 1,270,000 | 2.8 | 27,474 | 14,616 | 42,090 | 21,045 |
| North Carolina | N/A | 839,000 | 839,000 | 1.8 | 27,474 | 9,396 | 36,870 | 18,435 |
| North Dakota | 382,780 | 33,100 | 415,880 | 0.9 | 27,474 | 4,698 | 32,172 | 16,086 |
| Ohio | 1,086,566 | 975,000 | 2,061,566 | 4.6 | 27,474 | 24,012 | 51,486 | 25,743 |
| Oklahoma | 69,814 | 696,000 | 765,814 | 1.7 | 27,474 | 8,874 | 36,348 | 18,174 |
| Pennsylvania | 3,322,258 | 1,570,000 | 4,892,258 | 11.1 | 27,474 | 57,942 | 85,416 | 42,708 |
| South Carolina | N/A | 501,000 | 501,000 | 1.1 | 27,474 | 5,742 | 33,216 | 16,608 |

| | | | | | | | | |
|---------------|-------------------|-------------------|-------------------|--------------|----------------|----------------|------------------|----------------|
| Tennessee | 115,216 | 641,000 | 756,216 | 1.7 | 27,474 | 8,874 | 36,348 | 18,174 |
| Texas | 708,549 | 2,900,000 | 3,608,549 | 8.1 | 27,474 | 42,282 | 69,756 | 34,878 |
| Virginia | 2,092,322 | 954,000 | 3,046,322 | 6.7 | 27,474 | 34,974 | 62,448 | 31,224 |
| West Virginia | 9,506,736 | 196,000 | 9,702,736 | 21.7 | 27,474 | 113,274 | 140,748 | 70,374 |
| Totals | 27,771,051 | 16,535,100 | 44,806,151 | 100.0 | 522,000 | 522,000 | 1,044,000 | 522,000 |

These proposed dues assessments are based on the Compact's projected budgets for Fiscal Years 2012 and 2013. This dues formula was approved by action of the Commission in 1991, as amended in 2008. Member states should use these proposed assessment figures when planning their state budgets for Fiscal Years 2012 and 2013.

Associate Member Dues Assessments: 4 x \$7,500 and 1 x \$5,000 = \$35,000. Associate members are: AK, CO, NM, UT and WY.

The calculation is as follows: Projected budgeted expenses for FY 2012 (\$560,000) + projected budgeted expenses for FY 2013 (\$589,000) = Total projected two-year budgeted expenses of \$1,149,000. (See respective projected budgets for Fiscal Years 2012 and 2013 for details.) Subtract from this projected two-year budgeted expense amount of \$1,149,000 projected Aother@ income of \$70,000 (1 associate member state @ \$5,000 for two years and 4 associate member states @ \$7,500 for two years); registration fees (\$12,500 per year for two years); and interest income (\$5,000 per year for two years) for a total dues assessment need of \$1,044,000 (\$1,149,000- \$105,000), which is divided by two fiscal years for an average of \$522,000 per fiscal year B the figure used in the above chart to calculate individual dues assessments for member states.

Based on the dues assessment cap approved by the Commission of two times the equal share amount (2 x \$27,473), the cap for Fiscal Years 2012 and 2013 is \$54,947. No state will pay more than this amount. Any excess amount is to be covered by the IMCC reserve. The excess amount for these two fiscal years (in the case of West Virginia) will be \$15,427 per year.

STATES= DUES ASSESSMENTS (REVISED 4/13/13)
FISCAL YEARS 2014 AND 2015
 (Based on 2012 U.S. Geological Survey and 2011 Energy Information Administration
 Production and Price Figures)

| State | Total Coal Dollar Value (Thousands) | Total Noncoal Dollar Value (Thousands) | Total Coal & Noncoal Dollar Value (Thousands) | % Production | Equal Shares of \$483,500 | Pro-Rata Shares | 2 Year Total Shares | 1 Year (or 50%) |
|----------------|-------------------------------------|--|---|--------------|---------------------------|-----------------|---------------------|-----------------|
| Alabama | 1,980,302 | 1,010,000 | 2,990,302 | 4.7 | 23,023 | 22,724 | 45,747 | 22,874 |
| Alaska | 58,023 | 3,500,000 | 3,558,023 | 5.6 | 23,023 | 27,076 | 50,099 | 25,050 |
| Arkansas | 5,320 | 800,000 | 805,320 | 1.3 | 23,023 | 6,285 | 29,308 | 14,654 |
| Illinois | 1,918,105 | 1,170,000 | 3,088,105 | 4.9 | 23,023 | 23,696 | 46,719 | 23,359 |
| Indiana | 1,793,779 | 838,000 | 2,631,779 | 4.2 | 23,024 | 20,307 | 43,331 | 21,665 |
| Kentucky | 6,947,569 | 786,000 | 7,733,569 | 12.3 | 23,024 | 59,470 | 82,494 | 41,247 |
| Louisiana | 65,705 | 492,000 | 557,705 | 0.9 | 23,024 | 4,351 | 27,375 | 13,688 |
| Maryland | 145,000 | 289,000 | 434,000 | 0.7 | 23,024 | 3,384 | 26,408 | 13,204 |
| Missouri | 20,925 | 2,640,000 | 2,660,925 | 4.2 | 23,024 | 20,307 | 43,331 | 21,665 |
| New York | N/A | 1,270,000 | 1,270,000 | 2.0 | 23,024 | 9,670 | 32,694 | 16,347 |
| North Carolina | N/A | 911,000 | 911,000 | 1.4 | 23,024 | 6,769 | 29,793 | 14,896 |
| North Dakota | 443,791 | 97,000 | 540,791 | 0.9 | 23,024 | 4,351 | 27,375 | 13,688 |
| Ohio | 1,307,111 | 1,220,000 | 2,527,111 | 4.0 | 23,024 | 19,340 | 42,364 | 21,182 |
| Oklahoma | 80,596 | 651,000 | 731,596 | 1.1 | 23,024 | 5,318 | 28,342 | 14,171 |
| Pennsylvania | 4,703,147 | 1,790,000 | 6,493,147 | 10.3 | 23,024 | 49,800 | 72,824 | 36,412 |
| South Carolina | N/A | 498,000 | 498,000 | 0.8 | 23,024 | 3,868 | 26,892 | 13,446 |

| | | | | | | | | |
|---------------|-------------------|-------------------|-------------------|--------------|----------------|----------------|----------------|---|
| Tennessee | 114,884 | 1,030,000 | 1,144,884 | 1.8 | 23,024 | 8,703 | 31,727 | 15,863 |
| Texas | 886,865 | 3,390,000 | 4,276,865 | 6.8 | 23,024 | 32,878 | 55,902 | 27,951 |
| Utah | 664,102 | 3,490,000 | 4,154,102 | 6.6 | 23,024 | 31,911 | 54,935 | 27,468 |
| Virginia | 3,040,126 | 1,250,000 | 4,290,126 | 6.8 | 23,024 | 32,878 | 55,902 | 27,951 |
| West Virginia | 11,435,560 | 341,000 | 11,776,560 | 18.7 | 23,024 | 90,414 | 113,438 | 56,719 (Due to the cap, WV will only pay \$46,048) |
| Totals | 35,610,910 | 27,463,000 | 63,073,910 | 100.0 | 483,500 | 483,500 | 967,000 | 483,500 |

These proposed dues assessments are based on the Compact=s projected budgets for Fiscal Years 2014 and 2015. This dues formula was approved by action of the Commission in 1991, as amended in 2008. Member states should use these proposed assessment figures when planning their state budgets for Fiscal Years 2014 and 2015.

Associate Member Dues Assessments: CO = \$20,000 for both fiscal years; NM = \$21,000 for both fiscal years; NV = \$5,000 for both years; WY = \$15,000 for FY 2014 and \$45,000 for FY 2015. These amounts are based on the dues assessment formula for associate member states adopted at the October 12, 2012 Mid-Year meeting in Chicago, IL; the date of entry of the state as an associate member, and the applicability of appropriate caps. Current value of mineral production amounts for these states are as follows:

| | | | |
|------------|------------------------|----------------------------|--------------------------|
| Colorado: | Coal = \$1,072,373,200 | Noncoal = \$1,930,000,000 | Total = \$3,002,373,200 |
| Nevada: | Coal = \$0 | Noncoal = \$11,200,000,000 | Total = \$11,200,000,000 |
| New Mexico | Coal = \$750,170,840 | Noncoal = \$1,490,000,000 | Total = \$2,240,170,840 |
| Wyoming | Coal = \$5,948,405,880 | Noncoal = \$2,220,000,000 | Total = \$8,168,405,880 |

The calculation is as follows: Projected budgeted expenses for FY 2014 (\$560,600) + projected budgeted expenses for FY 2015 (\$590,400) = Total projected two-year budgeted expenses of \$1,151,000. (See respective projected budgets for Fiscal Years 2014 and 2015 for details.) Subtract from this projected two-year budgeted expense amount of \$1,151,000 projected Aother@ income of \$153,000 (associate member dues noted above); registration fees (\$12,500 per year for two years); and interest income (\$3,000 per year for two years) for a total dues assessment need of \$967,000 (\$1,151,000- \$184,000), which is divided by two fiscal years for an average of \$483,500 per fiscal year B the figure used in the above chart to calculate individual dues assessments for member states.

Based on the dues assessment cap approved by the Commission of two times the equal share amount (2 x \$23,024), the cap for Fiscal Years 2014 and 2015 is \$46,048. No state will pay more than this amount. Any excess amount is to be covered by the IMCC reserve. The excess amount for these two fiscal years (in the case of West Virginia) will be \$10,671 per year.



Interstate Mining Compact Commission

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Utah

GOV. MATT MEAD
Wyoming

EXECUTIVE DIRECTOR

GREGORY E. CONRAD

Briefing Paper re Membership in the Interstate Mining Compact Commission

The development and use of our Nation's natural resources, particularly those that must be mined, pose unique and substantial challenges for state governments. Over the years, as state governments have pursued and exercised their role as regulatory authorities in the area of mineral development, the value and need for interstate action and coordination has taken on increased importance. For the past 40 years, the Interstate Mining Compact Commission (IMCC) has served as a mechanism for states to work together to pursue common goals and strategies for action in this critical area of governmental responsibility.

The Interstate Mining Compact Commission is a multi-state governmental organization representing the natural resource and environmental protection interests of its member states. The Compact was established in April of 1971 following eight years of discussion and developmental action by a group of interested mining states under the auspices of the Southern Governors Conference. The Compact presently consists of 19 member states and 6 associate member states (listed on this letterhead) from across the country, all of whom have significant interests in the mining of both coal and noncoal minerals.

The Compact's purposes are to advance the protection and restoration of land, water and other resources affected by mining through the encouragement of programs in each of the party states that will achieve comparable results in protecting, conserving and improving the usefulness of natural resources and to assist in achieving and maintaining an efficient, productive and economically viable mining industry.

Among the Compact's powers are the study of mining operations, processes and techniques; the study of conservation, adaptation, improvement and restoration of land and related resources affected by mining; the gathering and dissemination of information; making recommendations; and cooperating with the federal government and any public or private entities having an interest in any subject within the purview of the Compact.

Participation in the Compact is gained through the enactment of legislation by the states authorizing their entry into the Compact. The states are represented by their respective Governors who serve as Commissioners. The Compact acts through several committees that have responsibility for particular subject matter or policy

areas including: Environmental Affairs, Mine Safety and Health, Abandoned Mine Lands, Minerals Education, Resolutions and Finance. The Governors are represented on these committees by duly appointed delegates from their respective states.

The IMCC was founded on the premise that the mining industry is one of the most basic and important to the Nation. Our manufacturing activities, transportation systems, and the comfort of our homes depend on the products of mining. At the same time, it is essential that an appropriate balance be struck between the need for minerals and the protection of the environment. We recognize that individual states have the power to establish and maintain programs of land and other resource development, restoration and regulation appropriate to cope with the surface effects of mining. The IMCC would not shift responsibility for such programs. On the other hand, our member states believe a united position in dealing with the federal government affords us a decided advantage. Our commission feels strongly that the collective voice of many is important in our efforts to preserve and advocate states' rights.

The IMCC provides several meaningful and critical benefits and services that greatly assist the states in their efforts to promote development of their abundant mineral resources while assuring adequate protection of the environment. In particular, the Compact provides opportunities and forums for interstate action and communication on issues of concern to member states. The Compact is actively engaged in a variety of state/federal partnerships and programs under the auspices of such statutes as the Surface Mining Control and Reclamation Act (SMCRA), the 1872 Mining Law, the Mine Safety and Health Act, the Resource Conservation and Recovery Act (RCRA), the Federal Water Pollution Control Act and the Clean Air Act. On the coal side, the IMCC deals extensively with the federal Office of Surface Mining (OSM) on such issues as funding for state program grants under Titles IV and V of SMCRA, administration of the Applicant Violator System, reclamation of the abandoned mine lands, federal oversight of state regulatory programs, and significant OSM rulemakings. We work extensively with the U.S. Environmental Protection Agency (EPA) on such matters as mine placement of coal combustion waste, effluent limitations, remining and regulation of mine waste under subtitle D of RCRA. On the noncoal side, IMCC has been active on reform of the 1872 Mining Law, Good Samaritan legislation related to reclamation of hardrock abandoned mine land sites, nationwide permits for the mining sector, financial assurance under CERCLA for hardrock mines, and mine mapping.

These are just some of the more significant matters with which we are actively involved on behalf of the states. From year to year, there are several others depending on the "issue of the day". In every case, we attempt to provide state input in the way of recommendations, advice, formal comments, Congressional testimony and briefings, and IMCC-sponsored briefings and forums. We also continue to sponsor a series of benchmarking workshops that allow states to enhance and improve their existing regulatory programs. Recent and planned topics include underground mine mapping, subsidence, bonding, e-permitting, blasting, and surface and ground water database development and use.

The IMCC administers the COALEX system, a computerized legal research and informational network available to the states and others through a cooperative agreement with OSM. The Compact also undertakes studies on behalf of the states, as evidenced by our

regularly updated report on Non-Coal Mineral Resources Regulation in the U.S.

The Compact also is active in recognizing the accomplishments of the industry that we regulate. Each year, the Compact presents a national reclamation award in both the coal and non-coal categories. We believe such a program highlights the positive work that the industry and the states together are doing in the way of environmental protection.

An IMCC Education Work Group was formed to develop an education initiative for the Compact. The IMCC has published a nationally recognized educational poster regarding mine land reclamation and conducted several teacher training workshops as part of this initiative. IMCC also presents annual Mineral Education Awards in the mineral educator awareness and public outreach categories to recognize the valuable work being accomplished by teachers and others to advance the knowledge of the public concerning the importance of minerals to our society.

IMCC regularly communicates with its member states through a variety of publications, including daily or weekly e-memos concerning breaking news and issues, quarterly newsletters, an annual report and an annual audit. We also publish the proceedings of our benchmarking workshops and studies in either hard copy or CD format.

Over the years the IMCC has become an organization of national scope serving as the spokesperson for the mining states in Washington, D.C. It strives to effectively represent the interests of the mining states in their dealings with Capitol Hill and the executive agencies in an effort to articulate the concerns and recommendations of the states in their role as primary regulators of mining activities within their borders. It is the potential to stimulate the development and production of each state's mineral resources that draws many of the states together in the prosecution of the Compact's objective and goals. It is the significant value and clout that comes from "compacting" together and speaking with a strong, united voice that will make the difference in each state's efforts to secure a vibrant state (and thus national) mineral economy.

Full membership in the Compact is gained by enacting legislation bringing the state into the Compact. The Compact document spells out the nature, purposes and operational protocols for the organization. The Compact, our most recent annual report and other information concerning the organization, including our membership directory, are available on our website (www.imcc.isa.us).

If you need further information or have any other questions regarding membership in IMCC, please contact us at gconrad@imcc.isa.us or bbotsis@imcc.isa.us or via phone at (703) 709-8654..