

PUBLIC SERVICE COMMISSION

State of North Dakota

Memorandum

To: Commissioners Kalk, Christmann and Fedorchak
Darrell Nitschke
Illona Jeffcoat-Sacco

From: Jim Deutsch, Director - AML Division

Date: February 22, 2013

Subject: 2013 AML Grant Application and next year's Major Construction Projects

An item will be on the Regular Agenda for the February 27th Commission meeting to approve abandoned mine lands construction projects for 2013 and submit the next AML grant application to OSM. The major projects need to be described in the grant application. The AML Division plans the following construction projects this year:

Beulah/Zap – Phase 14: This project involves drilling and pumping pressurized grout into underground mine workings beneath public roads north of Beulah. Activities include rotary drilling, casing drill holes where voids are found, pumping of grout, and grout testing. It is estimated that 7,000 cubic yards of grout will be pumped into mine voids this year and about 6,000 feet of drilling is planned.

Scranton/Bowman – Phase 14: This project also involves drilling and pumping pressurized grout into underground mine workings. The sites are beneath public roads near Scranton and Bowman and an occupied farmstead near Reeder. It is estimated that 3,500 cubic yards of grout will be pumped into mine voids at these sites and about 15,000 feet of drilling will be carried out in these areas.

Havelock C: This project involves the elimination of about 2,000 feet of hazardous highwalls at an abandoned surface mine east of New England in Hettinger County. This AML site has unstable highwalls that are up to 50 feet high. The proposed reclamation work involves backfilling the highwalls with material from adjacent spoil piles. About 200,000 cubic yards of spoil material will have to be moved.

Richter: This project involves the elimination of hazardous highwalls at an abandoned surface mine northeast of Glen Ullin in Morton County. This AML site has unstable highwalls that are more than 30 feet high in some areas. It is estimated that 150,000 cubic yards of spoil material will have to be moved to backfill the highwalls at this site.

Sinkhole Filling: We also plan to conduct a sinkhole filling project that will cost around \$100,000. This work is usually conducted at a number of underground mine sites where dangerous sinkholes develop.

The estimated cost of all five projects is around \$2.5 million. The 2013-2016 AML Reclamation Simplified Grant application has been prepared to request the \$3,521,731 in federal funds that OSM finally allocated for our next grant period that begins on March 1, 2013. This is 90% of

what should have been North Dakota's 2013 distribution of AML funds as calculated by OSM. As you know, 10% of these funds are being withheld due to the possible sequestration of federal funds.

With about \$750,000 in carryover moneys from this year's grant and the construction funds that we will be receiving in our 2013 AML grant, we expect to have about \$3.35 million in construction funds available for this year's projects. Around \$900,000 of the total grant amount will be needed for staff salaries, travel and other operating costs. The administrative portion of the 2013-2016 grant covers a one-year time period, while the construction period can be up to three years, until February 29, 2016, if necessary. Also, it is possible that additional funds, up to \$392,303, may be awarded later on depending on actions taken by Congress.

Attached is a motion for the February 27, 2013 Commission meeting to approve the major AML construction projects for 2013 and to submit the 2013-2016 AML grant application to OSM.

Attachment

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