

PUBLIC SERVICE COMMISSION

State of North Dakota

Memorandum

To: Commissioners Christmann, Kalk, Fedorchak
Executive Secretary Darrell Nitschke
Chief Counsel Illona Jeffcoat-Sacco

From: ^{WD} Dean Moos and Bill Dodd - AML Division

Date: January 12, 2017

Subject: AML's 2017 Grant Application and Major AML Reclamation Projects

Last week we received notice that OSM allocated North Dakota \$2,793,000 for the next AML grant period that begins March 1, 2017. We should have been allocated \$3,000,000 this year as a minimum program funded state, but this amount was reduced 6.9% due to sequestration. Attached is the 2017-2020 AML Simplified Grant Application. Commission approval is requested to submit this grant application to OSM. The major AML reclamation projects are also described in the grant application.

The AML Division plans the following AML projects in 2017:

Wilton Phase 3: This drilling and grouting project will be a continuation of work that began in 2015 to pump pressurized grout into collapsing underground mine workings. The sites are mainly under public roads and a farmstead southeast of Wilton, ND, in Burleigh County. This project will include rotary drilling, casing drill holes where voids are found, pumping of grout, and grout testing. It is estimated that 7,500 cubic yards of grout will be pumped into mine voids and about 10,000 feet of drilling will be needed in these areas. The estimated project cost is \$1,500,000.

Columbus Phase 16: This 43-acre project will eliminate about 4,500 feet of dangerous highwalls at abandoned surface mine sites located south of the city of Columbus, ND, in Burke County. These AML sites are characterized by steep highwalls that are about 15-25 feet high. The proposed reclamation work involves backfilling the highwalls with earthen material from adjacent spoil piles. About 185,000 cubic yards of spoil material will need to be moved in the reclamation process. The estimated project cost is \$450,000.

Exploratory Drilling: Approximately \$350,000, will be used for an exploratory drilling project to locate and characterize suspected abandoned underground coal mines. This investigatory project is expected to be conducted at locations near the cities of Burlington, Foxholm, Noonan, Parshall and, Roseglen, North Dakota. Drilling will be conducted along road rights-of-way, in residential areas and near farmsteads.

Sinkhole Filling, Maintenance and Emergencies: Some available construction funds, estimated at \$100,000, will be used in 2017 to backfill hazardous sinkholes caused by collapse of underground mines. Some funds may be used to conduct maintenance work

on reclaimed sites. If necessary, some of these funds may also be used for emergency projects.

The estimated cost of all four projects is about \$2.4 million. The 2017-2020 AML Reclamation Simplified Grant application has been prepared to request the \$2,793,000 in federal funds that OSM has allocated for our next grant period. With an estimated \$1.45 million in carryover monies from last year's grant and the construction funds that we will be receiving in our 2017 AML grant, we expect to have more than \$3 million in construction funds available for this year's projects. About \$1 million of the total grant amount will be needed for staff salaries, travel and other operating costs to design and manage the projects and to cover other administrative expenses. The administrative portion of the 2017-2020 grant will cover a one-year time period, while the construction period can go three years, until February 28, 2020, if necessary.

Attached is a motion for the January 18, 2017, Commission meeting to approve the major AML construction projects for 2017 and to submit the next AML grant application to OSM.

Attachment