

OFFICE OF
SURFACE
MINING



**PAYER HANDBOOK
OCTOBER 2011**

Cover Sheet Front Inside

Table of Contents

Introduction	1
Purpose	1
Mission Statement.....	1
Statutory Authority.....	2
Applicant Violator System (AVS)	2
OSM-1 Form Regulations and Penalties	3
Who files a Coal Reclamation Fee Report and pays a reclamation fee?	4
How is tonnage reported?	5
Electronic Filing.....	7
Chapter 1	9
Filing an OSM-1 Form	9
When do I complete and submit an OSM-1 Form?	9
What do I do if the pre-printed information on the OSM-1 Form is incorrect?.....	9
What do I report on the OSM-1 Form during the period before mining begins, during temporary cessation, and when mining is complete?.....	9
When am I no longer required to report and return the OSM-1 Form?	10
What do I do if the OSM-1 Form does not contain a Part 2 for each of the permits on which I should be reporting?	10
What do I do if the OSM-1 package contains permits for which I'm not responsible?....	10
Commingling coal	10
How are coal weights (tonnages) determined for AML fees?.....	12
What is the rate of the reclamation fee for coal sold, transferred, or used within a quarter?	12
<i>Ad valorem fee</i>	15
<i>Ad valorem calculations</i>	16
<i>Ad Valorem Reclamation Fee calculation example</i>	17
<i>Reporting Coal Tonnage Sold for Export</i>	19
<i>Are there exemptions from AML Fees?</i>	20
<i>When are reclamation fees due?</i>	22
Chapter 2	23
Instructions for E-Filing.....	23
the OSM-1 Form.....	23
E-Filed OSM-1 Forms improves accuracy	23
E-Filed OSM-1 Forms do not require a signature	23
E-Filed OSM-1 Forms allow you to pay online.....	23

<i>Logging onto the E-File System</i>	24
<i>Part 1 Instructions</i>	26
<i>Part 2 Instructions</i>	27
<i>Part 3 Instructions</i>	28
<i>Completing the OSM-1 Form</i>	30
Amending an E-Filed OSM-1 Form	32
Refunds	32
Failing to respond to an OSM-1 Form or failing to report on every pre-printed permit number	32
 Chapter 3	 35
Moisture Deduction.....	35
The regulations on moisture deduction are contained in the following documents:	35
Calculating Excess Moisture	35
Definition of terms	36
General rules for calculating excess moisture	37
Calculating excess moisture in HIGH-rank coals	38
Table 1: Calculating TOTAL moisture percentage in HIGH-rank coal	41
Table 2: Calculating INHERENT moisture percentage in HIGH-rank coal	41
Table 3: Calculating TOTAL moisture percentage in LOW-rank coal.....	43
Table 4: Calculating INHERENT moisture percentage in LOW-rank coal.....	43
Table 5: Calculating the Correction Factor for Table 4	44
 Chapter 4	 45
Paying the Reclamation Fee.....	45
Payment Mailing Address.....	45
Send your check or money order and the completed OSM-1 Form to this address:.....	45
Electronic Payments: Pay.Gov	46
Pay.Gov Option	46
For more information on Pay.Gov,.....	47
please contact us at 1-800-799-4265.....	47
Or at the website: sscr.osmre.gov	47
Federal Wire Transfer Format (FEDWIRE)	48
Field Tag Definitions for FEDWIRE	49
Remittance Express for the Office of Surface Mining Program Implementation Data Sheet for ACH CCD+ Format.....	50
Field Tag Definitions for ACH CCD+ Format.....	51
Remittance Express for the Office of Surface Mining Program Implementation Data Sheet for Addenda Record Format	52

Field Tag Definitions for Addenda Record Format	52
Refunds	53
Chapter 5	54
Delinquent Payments	54
When you receive a bill resulting from nonpayment.....	54
Unpaid bills	54
Chapter 6	55
Auditing Records	55
What records am I required to maintain?.....	55
Chapter 7	57
Raw or Clean Coal	57
Reclamation fees on clean coal tonnages	57
Example 1	57
Example 2	57
Example 3	58
Maintaining records.....	58
Chapter 8	59
Completing Mining Activities.....	59
The inspection report	59
The performance bond.....	59
Chapter 9	60
Instructions for Filling out the.....	60
Paper OSM-1 Form	60
OSM-1 Form must be filled out completely.....	60
OSM-1 Form must contain a signature.....	60
<i>Part 1 Instructions</i>	61
<i>Part 2 Instructions</i>	63
<i>Part 3 Instructions</i>	66
Amending a Paper OSM-1 Form.....	67
Failing to respond to an OSM-1 Form or failing to report on every pre-printed permit number.	67
Consequences for Non-Respondents.....	67
IRS SECTION	68

Chapter 10 68

IRS Coal Producers Federal Excise Tax Responsibilities 68

 Coal production 69

 Determining tonnage or selling price 69

 Tax Rates 69

 Coal used by the producer 70

 Blending 70

 Exemption from tax 70

 Exported 71

OSM Frequently Asked Questions 72

Notice 76

Payer Handbook Glossary 77

Directory 78

Quick Index 80

Purpose

The purpose of this Coal Reclamation Fee Payer Handbook is to help you understand your production reporting and reclamation fee payment responsibilities as the permittee/operator of a mine, to advise you of the deduction in tonnage you may take for excess moisture, and to respond to questions raised by permittees/operators.

The Office of Surface Mining (OSM) will periodically issue Payer Letters to announce official policy changes, clarifying issues, and communicating critical changes as they occur. Payer Letters will often be included in the Quarterly Coal Reclamation Fee Report (OSM-1 Form) mailings.

This handbook is not a substitute or replacement for previous Payer Letters, and does not relieve the permittee/operator of the responsibility of following regulations in the Surface Mining Control and Reclamation Act of 1977, as amended (SMCRA).

Please contact the Fee Accounting and Collections Branch (FACB) at the Division of Financial Management (DFM) regarding any conflicting information contained in this handbook, the SMCRA documents, or Payer Letters, at:

Office of Surface Mining
Division of Financial Management
P.O. Box 25065
One Denver Federal Center, Building 41
Denver, Colorado 80225-0065
Phone: 1-800-799-4265

Mission Statement

Our mission is to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Tribes. Our primary objectives are to ensure that coal mines are operated in a manner that protects citizens and the environment during mining and assures that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

Statutory Authority

The Office of Surface Mining (OSM) is authorized by the Surface Mining Control and Reclamation Act of 1977, as amended. The purposes of this law include:

- Protecting society and the environment from the adverse effects of surface coal mining operations.
- Reclaiming mined areas that endanger public health and safety, prevent the beneficial use of land or water resources, or decrease environmental quality.
- Providing a fund for abandoned mine reclamation.
- Providing technical and financial assistance to states with primary regulatory authority over coal mining activities within their boundaries.

The Surface Mining Control and Reclamation Act of 1977, Title IV, Section 401, Abandoned Mine Reclamation, establishes a trust fund for administration by the Secretary of the Interior. The fund consists of amounts collected through reclamation fees and other amounts. Section 402 of the Act authorizes the collection of a reclamation fee from all coal mine permittees/operators.

Applicant Violator System (AVS)

The Applicant/Violator System (AVS) is a nationwide database maintained by the Office of Surface Mining, containing violation records and information on ownership and control of mining operations. Permitting authorities check AVS when evaluating an applicant's mining history and eligibility for new permits. The AVS is also used in determining the eligibility of potential recipients of Abandoned Mine Land reclamation contracts.

For additional information on the AVS, please contact the AVS User Liaison at 1-800-643-9748

Introduction

On July 17, 2007, the redesigned AVS was brought online. To access AVS on the Internet, all that is needed is an Internet connected computer running Internet Explorer 6.0 or greater. The address of the redesigned system is <https://avss.osmre.gov>

The AVS website is user friendly and can be accessed using <http://www.arcc.osmre.gov/Divisions/AVSO/AVSO.shtm>. The website contains the following information:

- AVS System Advisory Memorandums that provide all AVS users with information concerning system changes, enhancements, operational procedures, and policy matters relating to AVS issues.
- AVS Users Guide for All users with View Only Rights that provides step-by-step guidance on how to use the AVS application.
- AVS Users Guide for State and Federal Regulatory Authorities with Maintenance Rights
- AML Contractor Information Form and instructions on completing the form
- Organizational Family Tree Request/Submit Procedures

For additional information on the AVS, please contact the AVS User Liaison at 1-800-643-9748.

OSM-1 Form Regulations and Penalties

OSM's Division of Financial Management (DFM) issues a Coal Reclamation Fee Report (OSM-1 Form) that is used to report production and pay reclamation fees for mines that have a permit to conduct coal mining. Failure to file an OSM-1 Form and failure to pay reclamation fees are separate violations of SMCRA. To avoid a failure-to-file violation, the OSM-1 Form must be completed and submitted to OSM even if payment cannot be made at that time. Failure to file an OSM-1 Form and failure to pay outstanding reclamation fees due may result in either a notice to the State regulatory authority to take enforcement action, or a Federal Notice of Violation, depending on the state where the mine is located.

A Federal Notice of Violation for not filing an OSM-1 Form or not paying reclamation fees may carry a civil penalty of at least \$540. If the OSM-1 Form is not filed and/or reclamation fees remain unpaid, a Federal

Cessation Order can result in your mine being closed and a penalty assessment of \$1025.00 per day up to a maximum of 30 days or \$30,750.00.

State and Federal violations become a part of OSM's Applicant/Violator System (AVS), a nationwide permit database that State and Federal Regulatory Authorities use as a tool to evaluate mining applicants and AML reclamation contractors prior to making permitting and contractor eligibility decisions. Therefore, failure to file an OSM-1 Form and/or pay reclamation fees may cause the responsible parties to be permit ineligible or ineligible to receive AML reclamation contracts, based on the applicable regulations in the State or Federal Program.

Who files a Coal Reclamation Fee Report and pays a reclamation fee?

The permittee and operator will be held jointly and severally liable for reporting coal production and for paying reclamation fees, regardless of the provisions of a contract between a permittee, operator, and others who are "operators" under OSM's interpretation of the term. (See 'NOTICE' on page 76.)

Permittee/operators are defined as any person, partnership, or corporation engaged in coal mining that removes or intends to remove more than 250 tons of coal from the earth by mining coal within twelve consecutive calendar months in any one location. All permittee/operators pay reclamation fees unless exempt under the Act (See "Are there exemptions from AML Fees?" on page 20)

The number and variety of business arrangements employed in the coal industry makes defining "operator" difficult in isolation, and the use and definition cannot be established outside the specific facts of each case. OSM believes that Congress intended that the burden of fee payment should fall upon the person who stands to benefit directly from the sale, transfer, or use of the coal. OSM determines this benefit in the course of deciding who is liable for paying the fee. The decision of identifying operators is made in consideration of those benefiting from the sale of coal and does not turn solely on a literal interpretation of the word "removes."

How is tonnage reported?

In order to engage in coal mining and reclamation operations, a permittee/operator must first obtain a permit issued by a State or Federal regulatory authority. The regulatory office transmits the applicable permit information to the Applicant/Violator System (AVS). Permit information is transferred to the DFM computer system that issues the OSM-1 Form. The entity that assumes responsibility for filing an OSM-1 Form (reporting entity) can receive either a paper or an electronic version of the OSM-1 Form.

Both paper and electronic versions of the OSM-1 Form have three parts. (See Chapter 2 Instructions for E-Filing the OSM-1 Form, or Chapter 9 Instructions for Filling out the Paper OSM-1 Form.)

- Part 1 shows the permit number(s) for which the reporting entity is reporting production.
- Part 2 is used to report production and calculate reclamation fees by permit.
- Part 3 is used to list the mineral owners, coal purchasers, and coal delivery points for each permit.

Tonnage must be reported on Part 2 of the OSM-1 Form for each permit number. For example, if the permittee/operator has two producing sites and one permit number for each site, or one site and multiple permits, the tonnage must be reported for each applicable permit.

To arbitrarily allocate all the tonnage on one permit number and report zero tonnage for the other would be inappropriate. (See “Commingling coal,” page 10)

Part 2 and Part 3 of the OSM-1 Form must be completed for each permit regardless of the number of operators operating on the permit. Multiple operators are pre-populated on the electronic form, and are listed on an attachment to Part 2 of the paper form. Tonnage must be reported by permit, not separately by each operator.

Introduction

Moisture deduction calculations can be averaged when reporting multiple seams under one permit number. (See Chapter 3 Moisture Deduction)

E-Filing can save you money if you have a moisture adjustment and are using the simple excess moisture equation to calculate the moisture percentage. See E-Filing benefits on the next page.

All paper and electronic versions of the OSM-1 Form, Parts 1, 2, and 3, must be filed with OSM.

- Part 1 must be signed and notarized (***or use the unsworn signature option, in lieu of the notary option, when you file electronically.***)
- Completing and returning all forms within prescribed time frames will prevent delays in surface coal mining permit actions due to a failure-to-file violation in the AVS.
- If there is no reportable tonnage for the permit, report zero tonnage on the forms.

If you do not receive the paper OSM-1 Form, or your email notification message for the electronic form, call the Fee Accounting and Collections Branch (FACB) at 1-800-799-4265.

Electronic Filing

File your quarterly OSM-1 Report electronically!



Visit our website:

sscr.osmre.gov

Link to E-File Application:

http://sscr.osmre.gov/PdfTemplates/UserID_Request_Form.pdf



U.S. Department of the Interior • Office of Surface Mining

Coal Reclamation Fee Report (OSM-1)

Welcome to the Office of Surface Mining, Division of Financial Management and Enforcement's Website for filing the Electronic OSM-1 Form.

If you would like to file your quarterly OSM-1 Form Electronically, please [click here](#) for more information.

[Go To OSM-1 Login Page](#)

The benefits of e-filing your OSM-1 include automatic calculations of reclamation fees due, access to reports, and email reminders as deadlines approach. E-Filing also gives you the option to make your fee payment online with Pay.Gov.

You can visit our website, email dfmwebmaster@osmre.gov, or call 1-800-799-4265 to enroll now.

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Chapter 1

Filing an OSM-1 Form

When do I complete and submit an OSM-1 Form?

The OSM-1 Form reporting all coal tonnage sold, used, or transferred during the calendar quarter must be submitted within 30 days after the end of the calendar quarter. The Code of Federal Regulations (CFR), 30 CFR 870.15(b)(1) states:

Along with any fee payment due, you must submit to us a completed Coal Reclamation Fee Report (OSM-1 Form). You can file the OSM-1 Form either in a paper format or in electronic format as specified in CFR 870.17. On the OSM-1 Form, you must report the tonnage of coal sold, used, or transferred.

If you do not receive the pre-printed OSM-1 Form or your email message for the E-Filing form, call the FACB at 1-800-799-4265. Once you have begun reporting, you must return to OSM every OSM-1 Form you receive, either reporting tonnage or submitting a zero report.

What do I do if the pre-printed information on the OSM-1 Form is incorrect?

You may change the pre-populated information on the electronic form online. On the paper form, line out the incorrect pre-printed data with a single line and enter the correct data.

What do I report on the OSM-1 Form during the period before mining begins, during temporary cessation, and when mining is complete?

After the permit has been issued, and if you have received a paper copy or the electronic version of the OSM-1 Form, you must report zero tonnage for any quarter in which there is no reportable tonnage.

When mining is complete, you must report zero tonnage or applicable reportable tonnage until the stockpile is reported.

When am I no longer required to report and return the OSM-1 Form?

Anytime you receive the Form OSM-1, the form must be completed and returned to OSM. Once all tonnage for a permit is sold, used or transferred, including stockpiles, mark block “C - Mining Complete” on Part 2 of the OSM-1 Form. If possible attach a copy of the State or Federal inspection form that verifies that mining is complete. DFM will verify with the state or Federal regulatory authority that mining is done and there are no remaining unreported stockpiles.

What do I do if the OSM-1 Form does not contain a Part 2 for each of the permits on which I should be reporting?

If you are filing electronically, you may add the permit information online. Paper filers can call the Fee Accounting and Collections Branch (FACB), at 1-800-799-4265 to request an OSM-1 Form for each permit.

What do I do if the OSM-1 package contains permits for which I'm not responsible?

File the OSM-1 Form and include a note stating why you believe you are not required to submit the form for a particular permit. You can also call or email your account representative (found on your OSM-1 Form) at DFM to report and discuss the discrepancy.

If the permit has been transferred, submit a copy of the approved State or Federal transfer approval or permit application approval document. (See Frequently Asked Questions # 9, page 74)

Commingling coal

When coal is mined from multiple surface permits and combined or commingled with coal mined from underground permits, determining the exact tonnage attributed to each permit may be impossible. In

Filing an OSM-1 Form Chapter 1

these instances, the tonnage must be allocated to individual permits for each mining method. The allocation must be reasonable, fully documented in the company records, and show consistent accounting treatment.

The easiest allocation method is based on ratio of tons produced per permit compared to total sales for all permits, as documented in production records. Other methods are acceptable if they are fully documented and approved by OSM.

However, the permittee/operator is still required to substantiate the amount of coal produced by surface mining.

The Code of Federal Regulations 30 CFR 870.12(c) states:

If the operator combines surface mined coal, including reclaimed coal, with underground mined coal before the coal is weighed for fee purposes, the higher reclamation fee shall apply, unless the operator can substantiate the amount of coal produced by surface mining by acceptable engineering calculations or other reports which the Director may require.

If a mine crosses state lines (and therefore has two permit numbers), report production on the permit where production is occurring. If you are unsure how to report coal production for a mine that crosses state lines, please contact FACB at 1-800-799-4265.

How are coal weights (tonnages) determined for AML fees?

Section 870.12(b) of 30 CFR states:

The fee shall be determined by the weight and value [of the coal] at the time of initial bona fide sale, transfer of ownership, or use by the operator.

Section 870.12(b)(1) of 30 CFR states:

The initial bona fide sale, transfer, or use of the coal shall be determined by the first transaction or use of the coal by the operator immediately after it is severed, or removed from a reclaimed coal refuse deposit.

A ton is defined as 2000 pounds (0.90718 metric ton).

What is the rate of the reclamation fee for coal sold, transferred, or used within a quarter?

The regulations set different standard (per ton) fee rates for surface mined coal, underground mined coal, and lignite coal. Additionally, ad valorem (percentage based) fees may apply in some cases with low value coal sales. The following notice shows the applicable fee rates.

NOTICE OF COAL FEE REAUTHORIZATION

January 10, 2007

On December 20, 2006, President Bush signed legislation that renews the Abandoned Mine Land Reclamation program through September 30, 2021. Among other things, the new law reduces the coal reclamation fee rates beginning October 1, 2007.

Filing an OSM-1 Form Chapter 1

***Fees on all coal sold, transferred, or used through September 30, 2007 must be paid at the current rate of:**

- Surface-mined coal (except lignite) – 35 cents per ton
- Underground-mined coal (except lignite) – 15 cents per ton
- Lignite – 10 cents per ton
- The alternative Ad Valorem rate of 10% of the value also continues to be in effect

***Effective October 1, 2007 through September 30, 2012 the coal reclamation fee rates for each ton of coal used, sold, or transferred are as follows:**

- Surface-mined coal (except lignite) – 31.5 cents per ton
- Underground-mined coal (except lignite) – 13.5 cents per ton
- Lignite – 9 cents per ton

***Effective October 1, 2012 through September 30, 2021 the coal reclamation fee rates for each ton of coal used, sold, or transferred are as follows:**

- Surface-mined coal (except lignite) – 28 cents per ton
- Underground-mined coal (except lignite) – 12 cents per ton
- Lignite – 8 cents per ton

The law sets a standard fee for each type of coal, as follows:

***Effective October 1, 2007:**

If the gross value of **surface-mined** anthracite, bituminous, or subbituminous coal is \$3.15 per ton or more, the fee is 31.5 cents per ton. If the gross value of the coal is less than \$3.15 per ton, the ad valorem fee is 10 percent of the value for each ton. Report coal tonnage removed by auger mining and coal recovered from a deposit that is not its original geologic location such as slurry ponds, refuse piles, culm banks, stream beds, etc. at the surface rate.

If the gross value of **underground-mined** anthracite, bituminous or subbituminous coal is \$1.35 per ton or more, the fee is 13.5 cents per ton. If the gross value of the coal is less than \$1.35 per ton, the ad valorem fee is 10 percent of the value for each ton. Report coal tonnage for any face-up tonnage on an underground mine at the underground rate.

If the gross value of **lignite coal** is \$4.50 per ton or more, the fee is 9 cents per ton. If the gross value of the coal is less than \$4.50 per ton, the ad valorem fee is 2 percent of the value of each ton.

If the coal extracted or the minerals removed are used by the operator or transferred to a related entity for use instead of being sold in a bona fide sale, the fair market value of the coal is calculated at the time of use or transfer in lieu of revenue from a bona fide sale.

Filing an OSM-1 Form Chapter 1

Ad valorem fee

Coal mine operators are required to report tonnage on the Coal Reclamation Fee Report (OSM-1 Form) and pay any related reclamation fees each calendar quarter.

Effective October 1, 2007:

The law sets the standard fee at \$0.315 per ton for surface mined coal, \$0.135 per ton for underground mined coal, and \$0.09 per ton for lignite coal. However, you may use a percentage rate based on the value of the coal (ad valorem) when it results in a lower than standard rate.

Federal regulations (30 CFR 870.5) define value as “gross value at the time of initial bona fide sale, transfer of ownership or use by the operator” **but does not include the reclamation fee required by this part.**

Effective October 1, 2007:

Surface mined coal with a value of less than \$3.15 per ton, underground mined coal with a value of less than \$1.35 per ton and lignite coal with a value of less than \$4.50 per ton would result in a lower than standard fee and may be calculated using the ad valorem method. The ad valorem fee for surface and underground mined coal is 10 percent of the value of the coal. The ad valorem fee for lignite coal is 2 percent of the value of the coal.

Ad valorem calculations

- (1) Determine the **gross** tons of coal sold.
- (2) If excess moisture is deducted as allowed by the regulations (30 CFR 870.18), determine the **net** tons sold by subtracting the excess moisture tons from the gross tons.
- (3) Determine the price per ton by dividing the total dollar amount of the sales revenue by the **net** tons sold if deducting excess moisture or gross tons if not deducting excess moisture.

Effective October 1, 2007:

- (4) Determine value by dividing the price per ton found in Step 3 by 1.1 (1.02 if lignite). This will deduct the reclamation fee from the sales price. If the resulting amount is \$3.15 per ton or more for surface-mined coal, \$1.35 per ton or more for underground-mined coal, or \$4.50 or more for lignite, pay the fees at the standard rate of \$0.315, \$0.135, or \$0.09 per ton respectively.

Effective October 1, 2007:

- (5) If the amount determined in step four is less than \$3.15 per ton for surface-mined coal, \$1.35 per ton for underground-mined coal, or \$4.50 per ton for lignite, multiply the amount by 0.10 (10 percent) for surface and underground-mined coal or .02 (2 percent) for lignite to determine your fee rate. The rate carried to the OSM-1 Forms should be rounded to four decimal places.
- (6) Calculate the reclamation fees you pay by multiplying the appropriate fee rate amount determined in Step four or five by the tons sold, net of any excess moisture deducted.
- (7) Document the invoice number, date, number of gross tons (and net tons if moisture is deducted), and gross revenue for all coal included in the ad valorem calculation. Keep this documentation on file. The OSM auditor will request it when an audit is conducted.

Filing an OSM-1 Form Chapter 1

Note: If you have any questions regarding the procedures to follow when reporting reclamation fees at the ad valorem rate, please call:

Sheila Owens
Phone (606) 524-5703
Email: sowens@osmre.gov

Rebecca Rigney
Phone (615) 418-9277
Email: rrigney@osmre.gov

Ad Valorem Reclamation Fee calculation example

Determination of tons to be included in ad valorem

Invoice #1 10,000 gross tons @ \$3.84 = \$38,400.00
Invoice #2 10,000 gross tons @ \$3.00 = \$30,000.00
Invoice #3 10,000 gross tons @ \$2.90 = \$29,000.00

Excess moisture percentage equals 2 percent.

All calculations are based on the new surface mined coal rate of 31.5 cents per ton.

Invoice #1

(1) Gross Tons	=	10,000 tons	
(2) Net Tons	=	10,000 tons - 200 tons (excess moisture)	= 9,800 tons
(3) Sales Price Per Ton	=	$\$38,400.00 \div 9,800 \text{ tons}$	= \$3.9184
(4) Value Per Ton	=	$\$3.9184 \div 1.1$	= \$3.5622
(5) Fee Rate	=	$\$3.5622 \times 10\%$	= \$0.3562
(6) Fees Due	=	$9,800 \text{ tons} \times \0.315	= \$3,087.00

This fee rate exceeds \$0.315 per ton, so the applicable fee rate is \$0.315 per ton (standard fee).

Filing an OSM-1 Form Chapter 1

Invoice #2

(1) Gross Tons	=	10,000 tons	
(2) Net Tons	=	10,000 tons - 200 tons (excess moisture)	= 9,800 tons
(3) Sales Price Per Ton	=	\$30,000.00 ÷ 9,800 tons	= \$3.0612
(4) Value Per Ton	=	\$3.0612 ÷ 1.1	= \$2.7829
(5) Fee Rate	=	\$2.7829 × 10%	= \$0.2783
(6) Fees Due	=	9,800 tons × \$0.2783	= \$2,727.34

This fee rate is less than \$0.315 per ton, so fees may be calculated using the ad valorem method set forth below in Part II, “Weighted Average Ad Valorem Calculations”.

Invoice #3

(1) Gross Tons	=	10,000 tons	
(2) Net Tons	=	10,000 tons - 200 tons (excess moisture)	= 9,800 tons
(3) Sales Price Per Ton	=	\$29,000.00 ÷ 9,800 tons	= \$2.9592
(4) Value Per Ton	=	\$2.9592 ÷ 1.1	= \$2.6902
(5) Fee Rate	=	\$2.6902 × 10%	= \$0.2690
(6) Fees Due	=	9,800 tons × \$0.2690	= \$2,636.20

This fee rate is less than \$0.315 per ton, so fees may be calculated using the ad valorem method set forth below in Part II, “Weighted Average Ad Valorem Calculations”.

Filing an OSM-1 Form Chapter 1

Weighted Average Ad Valorem Calculations

To determine quarterly ad valorem fees, add the gross tons and revenue for the invoices with fee rates of less than \$0.315. Then calculate the ad valorem fees due using a weighted average method, as demonstrated below.

$$\begin{array}{rcl} \text{Invoice \#2} & 10,000 \text{ gross tons @ } 3.00 & = \$30,000.00 \\ \text{Invoice \#3} + & 10,000 \text{ gross tons @ } 2.90 & = \$29,000.00 \\ \hline & = 20,000 \text{ gross tons @ } 5.90 & = \$59,000.00 \end{array}$$

(1) Gross Tons	=	20,000 tons	
(2) Net Tons	=	20,000 tons - 400 tons (excess moisture)	= 19,600 tons
(3) Sales Price Per Ton	=	\$59,000.00 ÷ 19,600 tons	= \$3.0102
(4) Value Per Ton	=	\$3.0102 ÷ 1.1	= \$2.7365
(5) Fee Rate	=	\$2.7365 × 10%	= \$0.2737
(6) Fees Due	=	19,600 tons × \$0.2737	= \$5,364.52

Reporting Coal Tonnage Sold for Export

All coal operators must report tonnage sold for export and pay the related coal reclamation fees, in accordance with the Surface Mining Control and Reclamation Act as amended.

Certain coal operators have claimed in recent litigation that the reclamation fee is unconstitutional as applied to coal that is exported. However, the U.S. Court of Federal Claims confirmed that the fee provisions of SMCRA and OSM's implementing regulations are constitutional. The U.S. Supreme Court denied the petition for a writ of certiorari.

Thus, OSM continues to require payment of coal reclamation fees on coal sold for export. If you have any questions, please contact the Fee Accounting and Collection Branch at (800) 799-4265.

Are there exemptions from AML Fees?

The following situations are exempt from a reclamation fee:

- The extraction of coal by a landowner for his/her own use (noncommercial) from land owned or leased.
- The extraction of coal as an incidental part of Federal, State, or local government-financed highway or other construction.
- The extraction of coal incidental to the extraction of other minerals where coal does not exceed 16-2/3 percent of the total tonnage of coal and other minerals removed for commercial use or sale, and the cumulative revenue derived from the coal extracted annually shall not exceed 50 percent of the total cumulative revenue derived from the coal and other minerals removed for purposes of bona fide sale or reasonable commercial use.
- The extraction of less than 250 tons of coal within twelve consecutive months.

Operators claiming exemptions under these provisions must maintain complete records to justify the reason no fees should be assessed.

Under some circumstances, coal refuse that was a by-product of a coal mining operation abandoned prior to August 3, 1977, may be considered to have No Value for reclamation fee purposes. To be eligible for a No Value Determination, the operator must submit information to document the material meets all four of the following criteria:

- The material was, or is, the waste by-product of a coal preparation process.
- The waste material is used in a small power production or cogeneration facility qualified by the Federal Energy Regulatory Commission (FERC) to burn waste material. In order to grant certification, the Commission must find that the refuse material is a by-product and has little or no value.
- Except for use in the waste-coal fired small power production or cogeneration facility, there exists no relevant market for

Filing an OSM-1 Form Chapter 1

the waste material.

- The material is not reprocessed utilizing gravity separation to remove the residual coal from the refuse.

These criteria represent the minimum standards that must be met. OSM will evaluate the information submitted and the operator will be formally notified of the final decision. All coal operators are required to file Form OSM-1 to report the tonnage and maintain all supporting documentation, even if a No Value Determination is approved. Any tons sold or transferred prior to receiving an approved No Value Determination must be reported and fees will be assessed at the surface or *ad valorem* rate. Section 402(d) of SMCRA provides that failure to report tonnage may be punished by a fine of not more than \$10,000 or by imprisonment for not more than one year, or both. Failure to report tonnage could also result in enforcement actions (Notice of Violation and Cessation Order). If any circumstances change regarding the removal, processing, or other factors affecting an approved No Value Determination, the operator must immediately report that information to OSM.

For further information on exempt situations, and questions or requests for a No Value Determination, please contact:

Alison Marco
Phone (615) 306-1757
Email: amarco@osmre.gov

Julie Cook
Phone (615) 354-4630
Email: jcook@osmre.gov

When are reclamation fees due?

Tonnage must be reported on the OSM-1 Form and appropriate fees paid within 30 days after the end of the calendar quarter.

The following calendar illustrates the relationship among the above dates:

Dates of Notices & Dates Due				
Activity	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
OSM-1 Forms are available prior to the end of the quarter	MAR	JUN	SEP	DEC
Due date for OSM-1 Form and payment	APR 30	JUL 30	OCT 30	JAN 30

Chapter 2

Instructions for E-Filing the OSM-1 Form

Filling out an electronic OSM-1 Form is quick and easy. Go online to file your OSM-1 Form, or apply now to obtain your User ID and Password. Contact us at 1-800-799-4265, or visit us at **sscr.osmre.gov**.

E-Filed OSM-1 Forms improves accuracy

- The E-File system makes accurate calculations based on the data you enter.
- All data fields must be completed. If the OSM-1 Form is incomplete, you will not be able to submit it.
- The system sends email reminders if have not filed your report

E-Filed OSM-1 Forms do not require a signature

- Your User ID and Password serve as your electronic signature.
- No notary statement is needed if you chose to use the un-sworn signature option.

E-Filed OSM-1 Forms allow you to pay online

- You can schedule your payments anytime through Pay.Gov.
- The only required information is your account number and routing number.

E-Filing the OSM-1 Form Chapter 2

[Logging onto the E-File System](#)

1. Log onto sscr.osmre.gov with your User ID and Password. Click the “File a Fee Report” button to begin.

Reporting Entity Name: IDRA COAL COMPANY - 999999

This site is designed to enable users to file and amend the Office of Surface Mining Coal Reclamation Fee Report

For instructions about using this site, please visit the [Help Getting Started](#) section or the [Payer Handbook](#). If you have questions, please email ctorrez@osmre.gov or call 1-800-799-4265, Ext 286.

Additional support is also available by calling 1-800-799-4265, Ext 325

The Abandoned Mine Land (AML) Payer Handbook describes the permittee/operator's responsibilities regarding reclamation fee payments and reporting, provides information regarding deductions in tonnage available for excess moisture, and FAQ's.

Your previous successful login was dated 10/22/2010 4:25:49 PM (UTC)

[File a Fee Report \(OSM-1\)](#)

2. The E-File home page will display the OSM-1 document number, reporting Year/Quarter, and Contact information. Click the “Start” button to select your OSM-1 Form.

Coal Reclamation Fee Report (OSM-1)

File a Fee Report

Reporting Entity Name: IDRA COAL COMPANY - 999999

Document - Amend	Year	Qtr	Contact and Phone	Status	Action
OS2011209999 - 0	2011	2	JON VAN VU 555-555-5555	New	START

E-Filing the OSM-1 Form Chapter 2

3. The top section of this screen will allow you to view the OSM-1 Form, edit the contact info, or add permits.

The middle section of this screen will display the status of your OSM-1 Form.

The bottom section of this screen will display the inclusive permit numbers for your OSM-1 Form.

Coal Reclamation Fee Report (OSM-1)

File a Fee Report

Reporting Entity Name: IDRA COAL COMPANY - 999999

Document Detail for OS2011209999 – 0 Year: 2011 and Quarter: 2	Status: In Progress	OSM1 Fees: \$0.00
---	---------------------	----------------------

Contact Information: JON VAN VU PO BOX 12345 REDDITVILLE, CO 81234-5555	OSM Actions <input type="radio"/> View OSM1 <input type="radio"/> Edit Contact Info <input type="radio"/> Add Permit <input type="radio"/> Delete OSM1 Amend.	IRS Actions: IRS options will be available after you either submit or delete the OSM1 which is 'In Progress'
---	---	---

Not all of the permits are complete.

0 of the 2 permits are complete.

Please finish all permits which do not have a COMPLETED status.
When all permits are complete, you may continue with filing.
There will be a submit button in this area to continue.

Permit Detail for: CO-555	Status: Open	AML Fees: \$0.00
-------------------------------------	---------------------	-------------------------

Mine Name: TERRAN SURFACE MINE PO BOX 123 STAR, CO 81234-5555	<input type="radio"/> No Change <input type="radio"/> Modify	<input type="button" value="Next >"/>
--	---	--

Permit Detail for: CO-777	Status: Open	AML Fees: \$0.00
-------------------------------------	---------------------	-------------------------

Mine Name: ZERG SURFACE MINE PO BOX 456 STAR, CO 81234-5555	<input type="radio"/> No Change <input type="radio"/> Modify	<input type="button" value="Next >"/>
--	---	--

E-Filing the OSM-1 Form Chapter 2

Part 1 Instructions

4. Part 1 includes company contact information.
→ The information is pre-filled for your convenience!

To make any changes to Part 1, select “Edit Contact Info,” and click the “Next” button.

Coal Reclamation Fee Report (OSM-1)
File a Fee Report

Reporting Entity Name: IDRA COAL COMPANY - 999999

Document Detail for OS2011209999 - 0 Status: In Progress OSM1 Fees: \$0.00
Year: 2011 and Quarter: 2

Contact Information: JON VAN VU PO BOX 12345 REDDITVILLE, CO 81234-5555	OSM Actions <input type="radio"/> View OSM1 <input type="radio"/> Edit Contact Info <input type="radio"/> Add Permit <input type="radio"/> Delete OSM1 Amend.	IRS Actions: IRS options will be available after you either submit or delete the OSM1 which is 'In Progress'
---	---	---

Coal Reclamation Fee Report (OSM-1)
Fee Report – PART 1

Reporting Entity Name: IDRA COAL COMPANY - 999999
Reporting Period: 2nd Qtr, 2011

Document Number: OS2011209999-0

Contact Person: Jon Van Vu

Telephone: 555-555-5555

Mailing Address: PO Box 12345

Mailing Address 2:

City: Reddittville

State/Zip Code: Colorado 81234 - 5555

Method Of Payment: EFT

Click the “Next” button to go to Part 2.

E-Filing the OSM-1 Form Chapter 2

Part 2 Instructions

5. Part 2 includes pre-filled permit information and the tonnage reporting section.

To report zero tons, select “No Change” and click the “Next” button. *OR* To report tons, select “Modify,” and click the “Next” button to select a permit.

Permit Detail for: CO-555	Status: Open	AML Fees: \$0.00
Mine Name: TERRAN SURFACE MINE PO BOX 123 STAR, CO 81234-5555	<input type="radio"/> No Change <input checked="" type="radio"/> Modify	<input type="button" value="Next >"/>

You can make any changes to the permit information on this screen. **Click the “Next” button to report tonnage on permit.**

Coal Reclamation Fee Report (OSM-1)

Fee Report – PART 2

Reporting Entity Name: IDRA COAL COMPANY - 999999
Reporting Period: 2nd Qtr, 2011

Update Permit	Permit Number: CO-555	Permittee Data	Name: FEATHER COAL LLC
Permit State: COLORADO	Permit State: COLORADO	Address1:	PO BOX 999
MSHA Number: 1234567	County: ZERGLING	Address2:	
Tribe:	Mine Name: TERRAN SURFACE MINE	City:	REDDITVILLE
Mining Complete: <input checked="" type="radio"/> No <input type="radio"/> Yes	Stockpile Reported: <input checked="" type="radio"/> No <input type="radio"/> Yes	State: COLORADO	81234-5555
		Zip: (5 or 9 digits)	EIN
		EIN/SSN	55555555
		Taxpayer ID:	

Operators Assigned to this Permit

TAS TELESS CO
PO BOX 555555
REDDITVILLE, CO
81234-5555

EIN/SSN E Tax ID:
55555555

E-Filing the OSM-1 Form Chapter 2

Click the “Edit” button to report tonnage on a permit. You can add more tonnage lines in the Edit Screen. The Calculated Fee will automatically update. *(See Chapter 3 for more information on Moisture Deductions)*

Coal Reclamation Fee Report (OSM-1)

Fee Report – PART 2

Reporting Entity Name: IDRA COAL COMPANY - 999999

Reporting Period: 2nd Qtr, 2011

Permit Number: CO-555

		Mine Type	Sold or Transferred Tons	Total Moisture %	Inherent Moisture %	Excess Moisture %	Reduced Tons	Net Tons	Rate	Calculated Fee
Edit	Delete	U	1,850,327.28	6.1011	1.7500	4.4286	81944.07	1768383.21	0.135	\$238,731.73
Edit	Delete	S	12,423.40	5.2200	1.4900	3.7864	470.40	11953.00	0.315	\$3,765.20
Edit	Delete	L	16,489.62	7.4000	4.0600	3.4800	574.06	15915.56	0.090	\$1,432.40

< Back
Cancel
Zero Report
Next >

Click the “Next” button to go to Part 3.

Part 3 Instructions

Mineral Owners: include those with legal ownership of the coal. Mineral owners also include those who have the right to extract the coal and to receive the economic benefits normally associated with ownership of the coal, such as payment for the value of the coal

- List the names and addresses of any person or entity owning 10% or more of tonnage sold for this permit.
- If no single mineral owner meets the 10% rule, report the largest single mineral owner.

Purchasers of Coal: are defined as persons or entities that purchased 10% or more of the production from a given permit.

- If no single purchaser meets the 10 percent rule, report the largest single purchaser.

Coal delivery location: indicates the type of facility where the coal is delivered (at the point of first sale, transfer, or use): prep plant, tippie, loading point.

- List the names and address of facilities where 10% or more of the coal was delivered.
- If no single facility meets the 10% rule, report the largest single delivery point

E-Filing the OSM-1 Form Chapter 2

6. Part 3 includes 402C Data. You will enter the information for Mineral Owners, Purchasers of Coal, and Coal Delivered To. **Click the “Add a Mineral,” “Add a Purchase,” or “Add a Deliver to” button to input the information.**

Coal Reclamation Fee Report (OSM-1)
Fee Report – PART 3 (402C Data)

Reporting Entity Name: IDRA COAL COMPANY - 999999
Permit Number: 2nd Qtr. 2011

Mineral Owner

		Name	Address	City	State	Zip
Edit	Delete					

The 10 largest owners only. Add a Mineral Owner

Purchasers of Coal

		Name	Address	City	State	Zip
Edit	Delete					

The 10 largest purchasers only Add a Purchaser

Coal delivered to

		Name	Address	City	State	Zip
Edit	Delete					

The 10 largest "deliver to" customers only Add a Deliver to

< Back Cancel Next >

Click the “Next” button to complete the permit.

You will be directed to the Main Page, and will need to complete Part 2 and Part 3 for any additional permits you may have.

Completing the OSM-1 Form

7. The middle section of the screen will say “All of the permits are complete.”

Click the “Submit,” button to complete the OSM-1 Form.

All of the permits are complete. You must press Submit to file your OSM-1.	<input type="button" value="Submit"/>
--	---------------------------------------

8. A Notary Public signature is not required for E-Filed OSM-1 Forms. **Select an electronic signature option, and click the “Next” button.**

<u>SIGNATURE OPTION SCREEN</u>		
<p>You may submit your Electronic OSM-1 by using one of the following signature options:</p>		
<p><input type="radio"/> Notary Option - submit the form electronically, while maintaining a properly notarized paper copy of the identical electronic report for review by OSM's Fee Compliance Auditors.</p>		
<p><input checked="" type="radio"/> Unsworn Statement Option - submit the OSM-1 Form electronically with an electronically signed and dated statement made under penalty of perjury that the information contained in the form is true and correct. The statement does not have to be notarized. By submitting this data to OSM electronically, you affirm that you have read and agree to the statement that:</p>		
<p>"I consider the User ID and Password that I used to access this site and to transmit this fee report to be my electronic signature on the document."</p>		
<p>Select a signature option and click the "Next" button to proceed or the "Back" button to return to the Fee Report page.</p>		
<table border="1" style="margin: auto;"><tr><td style="padding: 5px 15px;">< Back</td><td style="padding: 5px 15px;">Next ></td></tr></table>	< Back	Next >
< Back	Next >	

9. You will need to review the printable report. Once you are finished, **click the “Next” button to view your payment options.**

U.S. Department of the Interior • Office of Surface Mining

Coal Reclamation Fee Report (OSM-1)

Your OSM-1 has been submitted.

Thank you.

If you want to schedule your payment with the Dept. of the Treasury now, please click the Schedule Payment button

Or

PAY.GOV Payment Example:

Online Payment [Return to your account](#)

Step 1: Enter Payment Information

Pay Via Bank Account (ACH) [About ACH Debit](#)

Required fields are indicated with a red asterisk *

Account Holder Name: *

Payment Amount: *

Account Type: *

Routing Number: *

Account Number: *

Confirm Account Number: *

Check Number:

Routing Number Account Number Check Number

Payment Date: * (MM/DD/YYYY)

Select the "Continue with ACH Payment" button to continue to the next step in the ACH Debit Pay

Amending an E-Filed OSM-1 Form

You may open an amendment for an existing electronic OSM-1 Form, make your changes, and submit it to OSM. You will be able to amend your reports electronically from quarter 2000/1 forward, even if you filed the report on paper.

There are no signatures needed for E-Filed Amendments. Your User ID and Password is your electronic signature. You amend your report electronically and submit it to OSM online. You may also schedule payment of any fees online through Pay.Gov.

If you chose to pay by check, send the payment coupon and your payment (if not an electronic funds transfer) to:

Office of Surface Mining
PO Box 979068
St. Louis, MO 63197-9000

If the adjustment in the calculation results in an overpayment, you may take this as a credit for the next quarter's reclamation fees, or you may be refunded the overpayment. We will offset to outstanding debt before we refund any amounts.

Refunds

See "Refunds" on page 53.

Failing to respond to an OSM-1 Form or failing to report on every pre-printed permit number

Failing to report on every pre-printed permit number on the OSM-1 Form by the 30th day after the end of the calendar quarter establishes the permittee/operator as a Non-Respondent on the Applicant/Violator System. A Non-Respondent violation may cause the responsible parties (permittee/operator) to be permit ineligible until the non-respondent violation is corrected.

After the 15th day of the month following the OSM-1 Form due date, the non-respondent permittee/operator receives a letter from the Division of Financial Management (DFM) requesting immediate

E-Filing the OSM-1 Form Chapter 2

response by completing the OSM-1 Form and sending it in with payment.

OSM-1 Form must be filed even if the fees cannot be paid. Contact the Fee Accounting and Collection Branch (FACB) at **1-800-799-4265** to discuss payment arrangements.

If the permit information included on the pre-printed OSM-1 Form is incorrect, the following action is appropriate:

- If the OSM-1 Form has already been filed, please telephone the Division of Financial Management immediately at

1-800-799-4265.
- If mining under the permit is complete and reclamation activities have begun, send to DFM a copy of the State or Federal Inspection Reports that show completion. Include a signed statement that no stockpiles exist for sale. (If stockpiles do exist, the OSM-1 Form must be filed.)
- If the permit is in temporary cessation, or mining activities have not begun, send an OSM-1 Form to report zero coal production.
- If permits have been transferred, assigned, or sold, send to DFM a copy of the approved State or Federal transfer document.
- If the permittee/operator reported coal sales under another permit, amended OSM-1 Forms must be submitted. Coal tonnage must be allocated to individual producing permits for each mining method (surface or underground).
- If zero coal sales occurred, but the permit is still active, OSM-1 Forms must be submitted showing zero sales.

Consequences for Non-Respondents

The Office of Surface Mining may implement one or more of the following actions when a permittee/operator fails to submit an OSM-1 Form and pay reclamation fees:

- Issue a ten-day notice to the applicable state regulatory authority for state enforcement action to active, non-compliant operations.
- Issue a Notice of Violation to active non-compliant operations. If the OSM-1 Form is still not submitted and fees due are not paid, a Cessation Order will be issued.
- Institute legal sanctions against companies that have coal production and intentionally do not file OSM-1 Forms.
- Identify the responsible parties (permittee/operator) as having outstanding violations on the OSM Applicant/Violator System.
- Include the Non-Respondent entity on an audit priority list

Chapter 3 Moisture Deduction

The regulations on moisture deduction are contained in the following documents:

- Title IV of the Surface Mining Control and Reclamation Act (SMCRA) of 1977
- 30 CFR Section 870.5 Definitions;
- 30 CFR Section 870.12(g)(3)(I) Reclamation Fee;
- 30 CFR Sections 870.18, 870.19, 870.20

Calculating Excess Moisture

Beginning July 1, 1988, the Office of Surface Mining allowed a percentage deduction for excess moisture, calculated to be the difference between the inherent moisture found in the coal at the time of mining and the total moisture present in the coal at the point of fee assessment. The point in time of fee assessment is the first bona fide sale, transfer of ownership or use of the coal by the permittee/operator immediately after it is severed from a coal seam.

The first Rule became effective July 1, 1988. A subsequent amendment became effective on October 1, 1997. All excess moisture weight deductions must be based on standard laboratory tests used to determine the total and inherent moisture percentage. OSM's final determination of a permittee/operator's excess moisture allowance will be made on a case-by-case basis and depend on the particular facts of the situation.

Definition of terms

ASTM International: (originally known as the American Society for Testing and Materials)

As-shipped coal: Raw or prepared coal that is loaded for shipment from the mine or loading facility.

Blended coal: Coals of various qualities and predetermined quantities mixed to control the final product.

Channel sample: A sample of coal collected according to ASTM standard D4596-93 from a channel extending from the top to the bottom of a coal seam.

Commingled coal: Coal from different sources and/or types combined prior to shipment or use.

Core sample: A cylindrical sample of coal that represents the thickness of a coal seam penetrated by drilling according to The American Society for Testing and Material (ASTM) standard D5192-91.

Correction factor: The difference between the equilibrium moisture and the inherent moisture in low rank coals for the purpose of Section 870.20(a).

Equilibrium moisture: The moisture in the coal as determined through ASTM standard D1412-93.

Excess moisture: The difference between total moisture and inherent moisture, calculated according to Section 870.19 for high-rank coals or the difference between total moisture and inherent moisture calculated according to Section 870.20 for low-rank coals.

High-rank coals: Anthracite, bituminous, and subbituminous A and B coals.

Inherent moisture: Moisture that exists as an integral part of the coal seam in its natural state, including water in pores, but excluding that present in macroscopically visible fractures.

Low-rank coals: Subbituminous C and lignite coals.

Slurry pond: Any natural or artificial pond or lagoon used for the settlement and draining of the solids from the slurry resulting from the coal washing process.

Tipple coal: Coal from a mine or loading facility that is ready for shipment.

Total moisture: The measure of weight loss in an air atmosphere under rigidly controlled conditions of temperature, time and air flow, as determined according to either Section 870.19(a) or Section 870.20(a).

General rules for calculating excess moisture

If you are an operator who mined coal after June 1988, you may deduct the weight of excess moisture in the coal to determine reclamation fees you owe under 30 CFR 870.12(b)(3)(i). Excess moisture is the difference between total moisture and inherent moisture. The following sections explain how to calculate excess moisture in HIGH-rank and LOW-rank coal. Report your calculations on the OSM-1 Form, Coal Reclamation Fee Report, for every calendar quarter in which you claim a deduction.

Some cautions:

- a. You or your customer may do any test required by the regulations. But whoever does a test is required to keep test results and all related records for at least six years after the test date.
- b. If OSM disallows any or all of an allowance for excess moisture, you must submit an additional fee plus interest computed according to Section 870.15(c) and penalties computed according to Section 870.15(f).

Calculating excess moisture in HIGH-rank coals

Here are the requirements for calculating the excess moisture in high-rank coals for a calendar quarter:

ASTM Standards D2234-89, Standard Test Methods for Collection of a Gross Sample of Coal; D3302-91, Standard Test Method for Total Moisture in Coal; D5192-91, Standard Practice for Collection of Coal Samples from Core; D1412-93, Standard Test Method for Equilibrium Moisture of Coal at 96 to 97 Percent Relative Humidity and 30°C; D4596-93, Standard Practice for Collection of Channel Samples of Coal in a Mine are incorporated by reference as published in the 1994 Annual Book of ASTM Standards, Volume 05.05.

Moisture Deduction Chapter 3

Each applicable ASTM standard is incorporated as it exists on the date of the approval, and a notice of any change in it will be published in the Federal Register. You may obtain copies from:

ASTM
100 Barr Harbor Drive
West Conshohocken, Pennsylvania 19428

A copy of the ASTM standards is available for inspection at the:

Office of Surface Mining
Administrative Record, Room 101
1951 Constitution Avenue, NW
Washington, D.C. 20240

Or [visit]

Office of the Federal Register
800 North Capitol Street, NW
Suite 700
Washington, D.C. 20408

Or [mail]

Office of the Federal Register
National Archives and Records Administration
700 Pennsylvania Avenue, NW
Washington, D.C. 20408

Moisture Deduction Chapter 3

1. Calculate excess moisture percentage using one of these equations:

If you file electronically and have moisture adjustments, the E-Filing system calculates a lower fee using the more advantageous complex moisture equation (2nd equation shown below).

$$EM = TM - IM$$

Or

$$EM = TM - \left[IM \times \frac{100 - TM}{100 - IM} \right]$$

EM equals excess moisture percentage. TM equals total as-shipped moisture percentage calculated, according to Tables 1 and 3 of this section. IM equals inherent moisture percentage calculated according to Tables 2 and 4 of this section.

2. Multiply the excess moisture percentage by the tonnage from the bona fide sales, transfers of ownership, or uses by the operator during the quarter.

Moisture Deduction Chapter 3

Table 1: Calculating TOTAL moisture percentage in HIGH-rank coal

Collect and test each day you ship or use coal	Convert daily test results to quarterly figures and report them
<p>Collect a sample of as-shipped or used coal. Follow procedures in ASTM D2234-89.</p> <p>Test the sample for daily total moisture percentage. Follow laboratory procedures in ASTM D3302-91 or D2961.</p> <p>Obtain prior OSM approval for use of other procedures.</p>	<ol style="list-style-type: none"> 1. Multiply daily total moisture percentage by daily tonnage shipped or used. You now have daily total moisture tonnage. 2. Add up daily total moisture tonnage for the quarter. 3. Add up daily tonnage shipped or used in the quarter. 4. Divide 2 by 3. <p>Report this total moisture percentage in high-rank coal for the quarter on OSM-1, Coal Reclamation Fee Report.</p>

Table 2: Calculating INHERENT moisture percentage in HIGH-rank coal

Choose from 3 ways to collect and test	Choose from 2 ways to time the tests and convert the results for quarterly reporting
<p>First</p> <p>Collect a core sample.¹ Follow procedures in ASTM D5192-91.</p>	<p>First</p> <p>Collect and test once each quarter. Report test results for that quarter on OSM-1. Test results need no converting; they are in quarterly units already.</p>

Table 2: Continued

<p>Test the sample to estimate inherent moisture. Follow laboratory procedures in ASTM D1412-93.</p> <p>¹Core sampling was approved by the ASTM effective January 1, 1992.</p> <p style="text-align: center;">Or second</p> <p>Collect a channel sample. Follow procedures in ASTM D4596-93.</p> <p>Test the sample to estimate inherent moisture. Follow laboratory procedures in ASTM D1412-93 or ASTM D3302-91.</p> <p>Or third</p> <p>Collect a sample of blended coal, as-shipped coal, tippie coal, commingled coal, or coal from slurry ponds.</p> <p>Choose from 3 ways to collect and test (continued)</p> <p>Follow procedures in ASTM D1412-93. Test the sample to estimate inherent moisture. Follow laboratory procedures</p>	<p>Or second</p> <p>Create a 24-month baseline and update as follows:</p> <p><i>For reporting months 1-24 . . .</i></p> <p>Collect and test one sample each month. Each quarter, calculate a weighted average percentage of inherent moisture:</p> <ul style="list-style-type: none"> ● Multiply a month's inherent moisture percentage by tons produced or shipped. You now have the month's inherent moisture tonnage. ● Add up 3 months of that inherent moisture tonnage ● Divide by tons produced or shipped in those 3 months. Report the quarter's weighted average percentage on OSM-1. <p><i>For all subsequent months . . .</i></p> <p>Collect and test one sample for inherent moisture every 12 months. Calculate - and report in the following 4 quarters - one updated rolling average percentage:</p> <ul style="list-style-type: none"> ● Add to the annual sample percentage the inherent moisture percentages for the preceding 23 tests. <p>Choose from 2 ways to time the tests and convert the results for quarterly reporting (continued)</p> <ul style="list-style-type: none"> ● Divide by 24. Report the weighted average percentage on OSM-1.
--	--

Table 3: Calculating TOTAL moisture percentage in LOW-rank coal

<p>Collect and test each day you ship or use coal</p> <p>Collect a sample of as-shipped or used coal. Follow procedures in ASTM D2234-89.</p> <p>Test the sample for daily total moisture percentage. Follow laboratory procedures in ASTM D3302-91.</p> <p>Obtain prior OSM approval for use of other procedures.</p>	<p>Convert test results to quarterly figures and report them</p> <p>Convert daily total moisture percentage to quarterly total moisture percentage:</p> <ol style="list-style-type: none"> 1. Multiply daily total moisture percentage by daily tonnage shipped or used. You now have daily total moisture tonnage. 2. Add up daily total moisture tonnage for the quarter. 3. Add up daily tonnage shipped or used in the quarter. 4. Divide 2 by 3. <p>Report this total moisture percentage in low-rank coal for the quarter on OSM-1, Coal Reclamation Fee Report.</p>
---	---

Table 4: Calculating INHERENT moisture percentage in LOW-rank coal

<p>Collect and test once a month</p> <p>Collect 1 sample of as-shipped coal. Follow procedures in ASTM D2234-89.</p> <p>Test the sample to estimate inherent moisture. Follow laboratory procedures in ASTM D1412-93.</p>	<p>Convert test results to quarterly figures and report them</p> <p>Calculate inherent moisture percentage for the quarter:</p> <ul style="list-style-type: none"> ● Average the 3 equilibrium moisture results from your monthly tests. ● Add to this average a Correction Factor that can be calculated for the first quarter, according to Table 5 below. Report this inherent moisture percentage for the quarter on OSM-1.
--	---

Table 5: Calculating the Correction Factor for Table 4

Collect and test in the first quarter a deduction is taken

Collect 15 samples that are representative of the entire seam from a freshly exposed, unweathered coal seam face. Follow procedures in ASTM D1412-93 Appendix X1.

Test each sample for two things:

- Inherent moisture
- Equilibrium moisture. Follow laboratory procedures in ASTM D1412-93 Appendix X1

Note: Research has shown that inherent moisture is always equal to or greater than equilibrium moisture. Any tests producing other results should not be used in calculating the correction factor DCM

Convert test results into a correction factor for all quarterly reports

Use the test results to calculate a correction factor:

- Average the 15 inherent moisture results from your tests
- Average the 15 equilibrium moisture results from your tests
- Subtract the average equilibrium moisture from the average inherent moisture.

You now have a correction factor for the first quarter the deduction is taken and all later quarters. Use it in Table 4 above. The correction factor may be changed at any time by repeating the steps in this table.

A correction factor applies to only the bench sampled. If multiple benches or seams are mined simultaneously, the sample results may be combined from the different benches or seams to calculate an average correction factor. The correction factor may be updated by repeating the procedures or incorporation new test results with the initial result.

Chapter 4

Paying the Reclamation Fee

NOTICE: Payments Greater Than \$25,000

Section 870.16(a)(1) of 30 CFR states:

If you owe total quarterly reclamation fees of \$25,000 or more for one or more mines, you must use an electronic fund transfer mechanism approved by the U.S. Department of the Treasury.

Whenever the Coal Reclamation fee is \$25,000 or more, the fee **MUST** be transmitted to OSM electronically, and your completed paper OSM-1 Form must be mailed to the address below or submitted electronically to OSM using the Internet.

However, if the fee is less than \$25,000, the fee may be paid by check, money order, or paid electronically.

For companies that file their OSM-1 forms online through the E-File system, OSM offers a free electronic payment method called **Pay.Gov**. Using the Treasury Department's online payment system allows companies to make payments at the click of a button. For more information on E-File and Pay.Gov electronic payments, see our website at: sscr.osmre.gov

DO NOT SEND CASH!

Payment Mailing Address

Send your check or money order and the completed OSM-1 Form to this address:

Office of Surface Mining
PO Box 979068
St. Louis, MO 63197-9000

Electronic Payments: Pay.Gov

File and Pay online with **Pay.Gov**. You may schedule an automatic payment with the U.S. Treasury up to 30 days in advance of the due date for the fees. The U.S. Treasury will debit your account on the date you schedule your payment and forward your payment to OSM.

This is a **FREE** service to companies. If you are currently paying service charges for EFT payments, start using Pay.Gov to save money. Simply submit your OSM-1 Form on the E-Filing website, and then immediately schedule the payment of your fees. The following information is required:

Pay.Gov Option	
Sample Field Tags (the most common field tags)	
Field Tag Contents	Field Tag Number
(1) Account Type *	"business checking"
(2) Account Number *	7001894288
(3) Routing Number *	041000124
(4) Check Number	4001
<i>*Minimum information that must be provided online when transmitting funds to OSM by Pay.Gov</i>	

Optional Electronic Payments

You may use one of the following two additional electronic payment options:

Optional Electronic Payments
1. Wire Transfer (FEDWIRE): Available at all financial institutions
2. Automated Clearing House (ACH): Available at some financial institutions

**For more information on Pay.Gov,
please contact us at 1-800-799-4265. Or at
the website: sscr.osmre.gov**

Paying the Reclamation Fee Chapter 4

Federal Wire Transfer Format (FEDWIRE)	
Sample Field Tags (the most common field tags)	
Field Tag Contents	Field Tag Number
(1) Message Disposition	(1100)
(2) Acceptance Time Stamp	(1100)
(3) OMAD	(1120)
(4) Type/Sub-Type Code	(1510)
(5) IMAD	(1510)
(6) Amount *	(2000) *\$0.00
(7) Sender FI	(3100)
(8) Sender Reference	(3320)
(9) Receiver DI *	(3400) * <i>Treasury NYC 021030004</i>
(10) Business Function	(3600)
(11) Beneficiary *	(4200) * <i>OSM ALC 14180001</i>
(12) Ref for Beneficiary	(4320)
(13) Originator *	(5000) * <i>Company Name</i>
(14) Originator FI	(5100)
(15) Originator to Beneficiary *	(6000) * <i>Payment Identification Info</i>
* <i>Minimum information that must be provided to financial institution (FI) when transmitting funds to OSM by FEDWIRE</i>	
FRB = FEDERAL RESERVE BANK ALC = AGENCY LOCATION CODE OSM = OFFICE OF SURFACE MINING	

Paying the Reclamation Fee Chapter 4

Field Tag Definitions for FEDWIRE
(1) Message attribute information assigned by the Federal Reserve Bank (FRB)
(2) Message date/time stamp information assigned by the FRB, when the message is first received
(3) Output Message Accountability Data (OMAD) – Control Information assigned by the FRB, when the message is opened
(4) Type and Subtype codes entered by the sender
(5) Input Message Accountability Date (IMAD) – Control information assigned by the sender's terminal, when it is queued for transmission to the FRB
(6) * The dollar amount of the transfer
(7) Sender FI – identifies the sending financial institution
(8) The sender institution's reference information
(9) * Identified the receiving financial institution
(10) The Business Function Code (Product Code), which describes the business purpose of the message (i.e. "Fee" = AML Fees)
(11) * Identifies the ultimate party to be paid (<u>ALC</u>) <u>14180001 Office of Surface Mining</u>
(12) FRB provides reference information, for use by the beneficiary (i.e. OSM)
(13) * ORG Identifies the originator of the payment
(14) OGB identifies the originator's financial institution, if different from sender
(15) * OBI Any additional information the originator wants to include (i.e., Reporting Entity number, OSM-1 Document number)
<i>*Minimum information that must be provided to financial institution (FI) when transmitting funds to OSM by FEDWIRE</i>
Office of Surface Mining AFIB Accountant at 1-800-799-4265

Receiver Physical Address:

FEDERAL RESERVE BANK OF NEW YORK
 33 LIBERTY STREET
 NEW YORK, NY 10045
 212-720-5000

Beneficiary Physical Address:

OFFICE OF SURFACE MINING
 ONE DENVER FEDERAL CTR, BLDG 41
 PO BOX 25065
 DENVER, CO 80225-0065

Paying the Reclamation Fee Chapter 4

Remittance Express for the Office of Surface Mining Program Implementation Data Sheet for ACH CCD+ Format

This form has been designed as an aid for Remitters in providing complete and accurate data to the financial institutions for originating **Automated Clearing House (ACH) payments**. This is the record format for CCD+ with the associated addenda record format. (A CCD+ format may be sent without an addendum)

DATE ELEMENT NAME	CONTENTS	SIZE	POSITION
(1) Record Type Code *	'6'	1	01-01
(2) Transaction Code *	'22'	2	02-03
(3) Receiving ABA *	'051036706'	9	04-12
(4) Account Number *	'312001	17	13-29
(5) Payment Amount	\$	10	30-39
(6) Identification No.*	Your Reporting Entity #	15	40-54
(7) Receiver Name *	Office of Surface Mining	22	55-76
(8) Discretionary *	(optional)	2	77-78
(9) Addenda Indicator	'1' = addenda present '2' = no addenda present	1	79-79
(10) Trace Number	Assigned by permittee/operator's bank	15	80-94

** Indicates information permittee/operator MUST provide*

Paying the Reclamation Fee Chapter 4

Field Tag Definitions for ACH CCD+ Format	
(1) Record Type Code *	Entry detail record assigned by Treasury, always '6'
(2) Transaction Code *	Two-digit code identifying types of Credits and Debits. A Credit is always '22'
(3) Receiving ABA *	ACH payments go to the
(4) Check Digit *	Entry detail record formula for FR Banks ABA #, always '6'
(5) Account Number *	OSM account number is '312001'
(6) Payment Amount	Remitter's payment amount
(7) Identification No. *	Company Reporting Entity Number
(8) Receiver Name *	Office of Surface Mining
(9) Discretionary *	Enter two-letter type of payment FE = AML Fee AU = Audit CP = Civil Penalty
(10) Addenda Indicator	'1' = addenda present '2' = no addenda present
(11) Trace Number	Assigned by permittee/operator's bank
* <i>Indicates information permittee/operator MUST provide</i>	
Office of Surface Mining AFIB Accountant at 1-800-799-4265	

Receiver Physical Address:

FEDERAL RESERVE BANK OF RICHMOND
701 E BYRD STREET
RICHMOND, VA 23219
804-697-8000

Beneficiary Physical Address:

OFFICE OF SURFACE MINING
ONE DENVER FEDERAL CTR, BLDG 41
PO BOX 25065
DENVER, CO 80225-0065

Paying the Reclamation Fee Chapter 4

Remittance Express for the Office of Surface Mining Program Implementation Data Sheet for Addenda Record Format			
DATE ELEMENT NAME	CONTENTS	SIZE	POSITION
(A) Record Type Code *	'7'	1	01-01
(B) Addenda Type Code *	'05'	2	02-03
(C) Payment Related *	Reporting Entity Name, Reporting Entity Number and current OSM Doc Number	80	04-83
(D) Sequence Number	Addenda number starting at 0001	4	84-87
(E) Addenda Trace Number	Same as the last seven numbers of detail trace number	10	30-39
<i>* Indicates information permittee/operator MUST provide</i>			

Field Tag Definitions for Addenda Record Format	
(A) Record Type Code*	Addenda record '7'
(B) Addenda Type Code*	CCD+ or CTX. '5'
(C) Payment Related	Enter your current OSM-1 Document Number, Report Entity, Company Name, Bill Number, or any information needed to identify this payment
(D) Sequence Number	Addenda number starting at 0001 or 0002
(E) Addenda Trace Number	Same as the last seven numbers of detail trace number (see line #11 on pg 51)
<i>* Indicates information permittee/operator MUST provide</i>	

Paying the Reclamation Fee Chapter 4

Refunds

Reclamation fee overpayments of \$175 dollars or greater are processed after offsetting any outstanding AML, audit, or civil penalty debt.

Refund requests for less than \$175 dollars must be in writing and sent to DFM:

Office of Surface Mining
Division of Financial Management
P. O. Box 25065
One Denver Federal Center, Building 41
Denver, Colorado 80225
Phone: 1-800-799-4265

Chapter 5 Delinquent Payments

When you receive a bill resulting from nonpayment

When an OSM-1 Form is completed and sent or submitted online without full payment for reclamation fees due, the Office of Surface Mining bills the permittee. Notification of debt is also sent to the operator and the reporting entity (when different from the permittee). The permittee/operator will be ultimately held responsible for unpaid fees, regardless of the provisions of a contract between parties.

OSM is authorized to assess interest, penalties, and administrative costs on delinquent payments.

Unpaid bills

When reclamation fees remain unpaid, the Fee Accounting and Collection Branch (FACB) will pursue debt collection. Certain actions may be taken to recover the debt:

- An installment payment plan agreement may be negotiated.
- A collection agency may be contracted.
- Legal action may be instigated against the delinquent company for recovery of debt, interest, and other fees.
- A ten-day notice may be issued to the applicable State Regulatory Authority for state enforcement action to active, non-compliant operations.
- A Notice of Violation and subsequent Cessation Order may be issued.
- Surface coal mine permitting actions and abandoned mine land reclamation contracts may be delayed or found to be ineligible due to any AML-related violation including non-respondent or failure to pay AML or AML audit debt.
- Delinquent debt is also reported to credit bureaus.

Contact the FACB at **1-800-799-4265**, for questions about delinquent debt and debt collection.

Chapter 6

Auditing Records

What records am I required to maintain?

The Division of Compliance Management (DCM) periodically audits coal mining operations to determine if they are in compliance with Public Law 95-87, Section 402, and are implementing Federal regulations.

The permittee/operator of a mine must maintain records and books for a period of at least six years from the end of the calendar quarter in which the fee was due or paid, whichever is later, and make these records available to the auditors. These books and records should be current and should substantiate the tonnages, moisture deductions, and fee calculations reported on the OSM-1 Form. These records, at minimum, should contain the following:

- The actual tons of coal produced, bought, sold, or transferred, the amount received per ton, the name of the person to whom the coal is sold or transferred, and the date of each sale or transfer.
- The tons of coal used by the permittee/operator and the date of consumption.
- The tons of coal stockpiled or inventoried that are not classified as sold for fee computation purposes.
- The total BTU value of gas produced by a ton of coal in place of an *in situ* coal operation, the semiannual independent laboratory certification of the BTU value of gas produced, and the amount received for gas sold, transferred, or used.
- The results of all laboratory analyses and relevant documentation used as the basis for excess moisture allowance.

If a permittee/operator fails to maintain the required records, OSM may estimate the fees due and add a 20 percent adjustment to compensate for possible error. The permittee/operator may also be subject to paying a fee estimate should the auditors be denied access to the records, as

well as reimbursement for expenses incurred for fee and penalty collection.

If an audit shows that the permittee/operator owes delinquent reclamation fees, OSM will bill for the reclamation fees plus interest, penalty, and administrative costs. To avoid assessment for additional administrative fees and other charges, the permittee/operator should:

- Ensure all tonnage sold, used, or transferred in the calendar quarter is reported.
- Maintain the required accounting records.

Chapter 7

Raw or Clean Coal

Reclamation fees on clean coal tonnages

Effective June 23, 1997, the permittee/operator is allowed to pay reclamation fees on clean coal tonnages providing:

- The permittee/operator cleaned the coal it mined and sold this coal.
or
- Transferred raw coal to an unrelated second party who purchased and cleaned the mined coal, and paid the permittee/operator only for the clean coal.

Cleaning the coal means removing materials extraneous to the coal, such as dirt and clay, but not removing impurities inherent in the coal

The following examples clarify this policy:

Example 1

The permittee/operator delivers 100 tons of coal to a preparation plant owner who determines, through accepted standard industry analysis, that only 90 tons of coal will be recovered after cleaning. The preparation plant owner pays for 90 tons. The permittee/ operator is responsible for fees based only on the 90 tons sold.

Example 2

The permittee/operator delivers 100 tons of coal to a preparation plant owner who pays for the entire 100 tons. The permittee/operator determines that the coal, when cleaned, would have a reject factor of 10 percent, and therefore pays reclamation fees on only 90 tons. However, the permittee/operator is responsible for paying reclamation fees on the entire 100 tons because the permittee/operator received funds for 100 tons. OSM would assess reclamation fees, interest, and penalties for the

10 tons sold that were not included in the original payment of fees to OSM.

Example 3

The permittee/operator delivers 100 tons of coal to a preparation plant owner who determines, by accepted standard industry analysis, that only 90 tons would be recovered after cleaning. The preparation plant owner pays the permittee/operator for only 90 tons. The permittee/operator subsequently determines that the coal contains 5 tons of ash, and therefore pays fees on 85 tons sold (90 tons of clean coal minus 5 tons of ash). However, the permittee/operator is responsible for paying reclamation fees on the entire 90 tons because the permittee/operator received funds for 90 tons. OSM would assess reclamation fees, interest, and penalties for the 5 tons sold that were not included in the original payment of fees to OSM.

No deductions are allowed for matter that is intrinsic to the coal.

The correct tonnage for calculating the reclamation fee payment is 90 tons.

Maintaining records

The importance of maintaining records that show run-of-mine or raw tonnage and calculations that substantiate the basis of clean coal transactions cannot be overemphasized. All permittees/operators must maintain these records, as specified in 30 CFR 870.12(b)(3)(ii) and (iii) and 30 CFR 870.16. Failure to do so may result in penalties and higher reclamation fees

Section 870.12(b)(3)(ii) and (iii) of 30 CFR states:

Operators selling coal on a clean coal basis shall retain records that show run-of-mine tonnage and the basis for the clean coal transaction. Insufficient records shall subject the operator to fees based on raw tonnage data.

Chapter 8

Completing Mining Activities

The inspection report

After the permittee/operator has completed all coal mining activities on a permit, the regulatory inspector (state or Federal) will issue an inspection report that certifies all mining activities have been completed.

Once the permittee/operator sends a copy of the inspection report to the Division of Financial Management, FACB, and states all stockpiled coal has been sold, transferred or used and that reclamation has begun, the OSM-1 Form *for that permit* will no longer be sent.

The performance bond

The permittee/operator is responsible for finishing the job by fully reclaiming the mined land (both surface and underground) either

- Back to the land's original use,
- Or
- Improving the land for new use that benefits both landowners and communities.

The performance bond, originally posted by the permittee/operator when the mining permit was granted, is fully released when all performance standards have been met, and full reclamation of the site, including permanent re-vegetation, is determined to be successful. However, the performance bond can be partially released as the various phases of reclamation (backfilling, re-grading, and re-vegetation) are successfully completed. The bond release serves as a final certification of successful completion of the coal mining/reclamation process under the Surface Mining Control and Reclamation Act of 1977, as amended (SMCRA).

Chapter 9

Instructions for Filling out the Paper OSM-1 Form

The directions for filling out the OSM-1 Form are enclosed with the paper OSM-1 Form that is mailed to the permittee/ operator. Instructions are repeated in this chapter with additional information.

You may also file electronically using the Internet. See Chapter 2 for more information.

The Payer Handbook is available at sscr.osmre.gov. It may be downloaded, viewed, or printed. A hard copy of the Payer Handbook can also be requested by contacting FACB at 1-800-799-4265.

OSM-1 Form must be filled out completely

- All data fields must be completed.
- If the OSM-1 form is incomplete, it will be returned to the sender to complete the missing information. A letter will be enclosed with instructions regarding the missing information.

OSM-1 Form must contain a signature

- If the paper form is filled out but missing the notarized signature, it will be returned to the sender to be signed.

Filling out the Paper OSM-1 Form Chapter 9


Part 1 Instructions

The numbered paragraphs refer to the numbered items on the paper OSM-1 Form.

1. The current quarter and year are pre-printed on the OSM-1 Form. The inclusive permit numbers for this report are displayed in the blank areas, as follows:

Part 1 - OSM-1
Coal Reclamation Fee Report
1. Reporting for ___1st___ 2nd___ 3rd___ or ___4th___ quarter, 20___

This certification covers the following permit number(s):

 _____

2. An authorized official must certify, sign, and enter the date in this box.

I hereby certify that the statements made herein are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Print in ink or type the name of reporting person, corporate officer, agent or director on behalf of the operator or the permittee.

Signature _____ Date _____

3. A Notary Public must complete the certification in this box.

Subscribed and sworn to before me in my presence the
_____ day of _____, 20___

Notary Public Signature
My commission expires _____

Filling out the Paper OSM-1 Form Chapter 9

4. Enter the name, phone number and email address (if available) of a responsible official OSM (Office of Surface Mining) can contact with questions about this report.
5. Indicate how payment is being made (check or electronic funds transfer.)

Contact person	_____
Telephone number	_____
Email address	_____
Reporting entity number	_____
Check one:	_____ Electronic funds transfer
	_____ Check

6. Enter the total dollar amount due for permit numbers listed under section number 1.

Apply any credits or amount due from previous filings on the next line. Total the amounts and write it in the "Total Due" line, and then indicate how much you will be paying in the "Total Payment" line.

Amount Due	\$ _____.
Credits or Amount due from previous filings	\$ _____.
Total Due	\$ _____.
Total Payment	\$ _____.

Filling out the Paper OSM-1 Form Chapter 9

Part 2 Instructions

7. The current quarter and year are pre-printed.

<p>Part 2 – Coal Reclamation Fee Report</p> <p>You must fill out Part 2 and Part 3 for each permit number you are reporting</p>	<p>6. Reporting for 4th quarter, 2011</p>
--	--

The permit number is assigned to the producing mine by the State. If OSM issued the permit, the Federal permit number appears here:

Permit Number _____ Mine Name _____ State _____		
a. MSHA number	e. Permittee name	h. Operator Name
b. County Tribe	f. Address	i. Address
c. <input type="checkbox"/> Mining complete		
d. <input type="checkbox"/> All stockpile reported	g. Taxpayer I.D.	j. Taxpayer I.D.

If the pre-filled permit information is incorrect, please insert corrections:

a. MSHA number	Enter the seven-digit number assigned by the Mine Safety and Health Administration (MSHA)
b. County Tribe	Enter the county where the mine is located. If the mine is on Indian land, enter the name of the Tribe.
c. Mining complete	Check "Mining Complete" box if mining is complete or has stopped temporarily, and attach the concurring State Inspection Report.
d. All stockpile reported	Check "All Stockpile Reported" box if all stockpiles have been sold, used, or transferred, and tons have been reported.
e. Permittee/Operator name, address, & taxpayer ID	Permittee and operator names, addresses, and Taxpayer IDs. The Taxpayer ID is the Employer Identification Number (EIN). <u>When an EIN does not exist, the Social Security Number may be provided as a Taxpayer ID.</u>

Filling out the Paper OSM-1 Form Chapter 9

- 8. Fee Computation.** Three fee computation blocks are provided on the OSM-1 Form. Use the 3 blocks as follows:

Fee Computation		
a. Gross tons 	a. Gross tons 	a. <u>Gros</u>
b. Moisture 	b. Moisture 	b. <u>Moist</u>
1. Total %	1. Total %	1. <u>Tot</u>
2. Inherent %	2. Inherent %	2. <u>Inh</u>
3. Excess %	3. Excess %	3. <u>Exc</u>
c. Reduced tons 	c. Reduced tons 	c. <u>Reduc</u>
d. Net tons 	d. Net tons 	d. <u>Net to</u>
e. Rate \$.	e. Rate \$.	e. <u>Rate</u>
f. Calculated fee 	f. Calculated fee 	f. <u>Calcul</u>

If the following tonnage is being reported:	Fill out in the Fee Computation:
<ul style="list-style-type: none"> ▪ Surface or Underground 	One block
<ul style="list-style-type: none"> ▪ Surface or Underground, & Tonnage at a reduced rate 	One block for each, or two blocks
<ul style="list-style-type: none"> ▪ Surface or Underground without a moisture deduction, & ▪ Surface or Underground with a moisture deduction, & ▪ Tonnage at a reduced rate 	One block for each, or three blocks

Filling out the Paper OSM-1 Form Chapter 9

Completing the form:

Fee Computation	
a. Gross tons	Coal sold, used, or transferred during the calendar year
b. Moisture	See Chapter 3 Moisture Deductions
c. Reduced Tons	Gross tons multiplied by the excess moisture percentage ($a \times b = c$)
d. Net Tons	Gross tons minus reduced tons ($a - c = d$)
e. Rate	Determined by the type of coal. See Chapter 1 "What is the rate of the reclamation fee for coal sold, transferred, or used within a quarter?"
f. Calculated Fee	Net tons multiplied by rate ($d \times e = f$)

9. Enter the total fee for this permit number

Total calculated fee for this permit number (the sum of all fee computations in 8(f)).

9. Total calculated fee for this permit number
\$ _____.

Filling out the Paper OSM-1 Form Chapter 9

Part 3 Instructions

10. The applicable quarter and year for this report are pre-printed at the top of the form:

10. Reporting for 1st ___ 2nd ___ 3rd ___ 4th quarter, 20 ___

11. If the permit number, mine name, or state is inaccurate as printed on the form, please correct them.

11. Permit Number ___ Mine Name ___ County ___ State ___

12. Mineral Owners:

- List the names and addresses of any person or entity owning 10 percent or more of tonnage sold for this permit.
- If no single mineral owner meets the 10 percent rule, report the largest single mineral owner.

Mineral owners include those with legal ownership of the coal. Mineral owners also include those who have the right to extract the coal and to receive the economic benefits normally associated with ownership of the coal, such as payment for the value of the coal

12. Mineral owner Address City/state/zip

13. Purchasers of Coal:

- If no single purchaser meets the 10 percent rule, report the largest single purchaser.

Purchasers of coal are defined as persons or entities that purchased 10 percent or more of the production from a given permit.

13. Purchasers of coal Address City/state/zip

Filling out the Paper OSM-1 Form Chapter 9

14. Coal delivery location

- Indicate the type of facility where the coal is delivered (at the point of first sale, transfer, or use): prep plant, tipple, loading point.
- List the names and address of facilities where 10 percent or more of the coal was delivered.
- If no single facility meets the 10 percent rule, report the largest single delivery point.

14. Coal delivered to: (prep plant, tipple, loading point)
address

Amending a Paper OSM-1 Form

If you file an amendment on the paper form, complete the "Amended OSM-1 Form" to make changes to the tonnage calculation after the OSM-1 Form has been submitted.

Block A: Enter original tonnage reported

Block B: Enter the correct tonnage that should have been reported

Block C: Enter the difference of calculation

See Chapter 2 for more information.

Failing to respond to an OSM-1 Form or failing to report on every pre-printed permit number.

See Chapter 2.

Consequences for Non-Respondents

See Chapter 2.

IRS SECTION

Chapter 10 IRS Coal Producers Federal Excise Tax Responsibilities

Note: There are differences in how reclamation fees and coal excise taxes are calculated. Call the appropriate toll free OSM or IRS phone number if you need clarification.

Producers are likely to be liable for payment of the Black Lung Federal Excise Tax on Coal, as defined in [Internal Revenue Code Section 4121](#). If you are liable for the Excise Tax, you will be required to file a quarterly excise tax return **Form 720** with the Internal Revenue Service. This tax is in addition to a producer's requirements for filing Office of Surface Mining Coal Reclamation Fee Report. The tax is designated for the Black Lung Disability Trust Fund.

The following will help you determine if you are liable for the Federal Excise Tax. For a copy of **Form 720** and **720 Instructions** used to report and pay the Black Lung Coal Federal Excise Tax, go to the IRS web site <http://www.irs.gov>

Additional assistance and information concerning your **Federal Excise Tax** can be obtained by calling 1-800-829-1040 or by accessing the IRS web site at <http://www.irs.gov>

For questions about the Excise Tax Form 720 for coal companies call 1-866-699-4096

Note: A Form 720X is filed if OSM an Amended OSM-1 form is filed.

Coal production

Coal is produced from surface mines if all geological matter (e.g. trees, earth, and rock) above the coal is removed before the coal is mined.

Treat coal removed by auger and coal reclaimed from coal waste refuse piles as produced from a surface mine.

Treat coal as produced from an underground mine when the coal is not produced from a surface mine. In some cases, a single mine may yield coal from both surface mining and underground mining. Determine if the coal is from a surface mine or an underground mine for each ton of coal produced and not on a mine-by-mine basis.

Determining tonnage or selling price

The producer pays the tax on coal at the time of sale or use. In figuring the selling price for applying the tax, the point of sale is f.o.b. (free on board) mine or f.o.b. cleaning plant if you clean the coal before selling it. This applies even if you sell the coal for a delivered price. The f.o.b. mine or f.o.b. cleaning plant is the point at which you figure the number of tons sold for applying the applicable tonnage rate, and the point at which you figure the sale price for applying the 4.4% rate.

The tax applies to the full amount of coal sold. However, the IRS allows a calculated reduction of the taxable weight of the coal for the weight of the moisture in excess of the coal's inherent moisture content. Include in the sale price any additional charge for a freeze-conditioning additive in figuring the tax.

For this computation, do not include the excise tax imposed on coal in the sales price.

Tax Rates

The tax on underground mined coal is the lower of:

- \$1.10 a ton OR 4.4% of sales price

The tax on surfaced mined coal is the lower of:

- \$.55 cents a ton OR 4.4% of sales price

Coal used by the producer

The tax on coal applies if the coal is used by the producer in other than a mining process. A mining process means the same for this purpose as for percentage depletion. For example, the tax does not apply if, before selling the coal, you break it, clean it, size it, or apply any other process considered mining under the rules for depletion. In this case, the tax applies only when you sell the coal. The tax does not apply to coal used as fuel in the coal drying process since it is considered to be used in a mining process. However, the tax does apply when you use the coal as fuel or as an ingredient in making coke since the coal is not used in a mining process.

You must use a constructive sale price to figure the tax under the 4.4% rate if you use the coal in other than a mining process. Base your constructive sale price on sales of a like kind and grade of coal by you or other producers made f.o.b. mine or cleaning plant. Normally, you use the same constructive price used to figure your percentage depletion deduction.

Blending

If you blend surface-mined coal with underground-mined coal during the cleaning process, you must figure the excise tax on the sale of the blended, cleaned coal. Figure the tax separately for each type of coal in the blend. Base the tax on the amount of each type in the blend if you can determine the proportion of each type of coal contained in the final blend. Base the tax on the ratio of each type originally put into the cleaning process if you cannot determine the proportion of each type of coal in the blend. However, the tax is limited to 4.4% of the sale price per ton of the blended coal.

Exemption from tax

The tax does not apply to sales of lignite and imported coal. The only other exemption from the tax on the sale of coal is for coal exported as discussed next.

Exported

The tax does not apply to the sale of coal if the coal is in the stream of export when sold by the producer and the coal is actually exported.

Coal is in the stream of export when sold by the producer if the sale is a step in the exportation of the coal to its ultimate destination in a foreign country.

For example, coal is in the stream of export when:

1. The coal is loaded on an export vessel and title is transferred from the producer to a foreign purchaser.
or
2. The producer sells the coal to an export broker in the United States under terms of a contract showing that the coal is to be shipped to a foreign country.

Proof of export is necessary and could include any of the following items.

- A copy of the export bill of lading issued by the delivering carrier.
- A certificate signed by the export carrier's agent or representative showing actual exportation of the coal.
- A certificate of landing signed by a customs officer of the foreign country to which the coal is exported.
- If the foreign country does not have a customs administrator, a statement of the foreign consignee showing receipt of the coal.

For a copy of the **Form 720** that is used to report and pay the Federal Black Lung Tax on Coal or **Instructions for the Form 720** go to

<http://www.irs.gov>

OSM Frequently Asked Questions

1. Q: When is the Coal Reclamation Fee Report (OSM-1 Form) due?A:

The OSM-1 Form and appropriate fees must be postmarked within 30 days after the end of the calendar quarter.

2. Q: When is the OSM-1 Form due if the due date falls on a weekend?

A: If the due date falls on a weekend, the OSM-1 Form and fees must be postmarked by the Friday prior to the due date to ensure timely filing.

3. Q: What if I can't pay the AML fees right now?

A: If a completed OSM-1 Form is filed without the associated reclamation fees, a bill for the fees (and appropriate late charges) will be mailed to you. Pay from this bill to avoid additional late charges. You can also contact a Collection Specialist at 800-799-4265 to see if you qualify for a payment agreement.

4. Q: How do I pay by wire transfer?

A: If you file electronically, you may schedule an automatic payment of your fees online. There are two additional electronic payment options available:

1. Wire transfer- available at all financial institutions.
2. Automated Clearing House- (ACH), available at some financial institutions.

If you are interested in paying electronically, please call your OSM contact at 800-799-4265. We will email, fax, or mail instructions to you.

5. Q: I just started my mining company. Where do I send my OSM-1 Form and payment?

A: If the fee due is \$25,000 or more, the fee must be transmitted electronically to OSM (see above question, “How do I pay by wire transfer?”). Fees less than \$25,000 can be paid by wire, check, or money order. Do not send cash!

Send the OSM-1 Form and payment by check or money order to:

Office of Surface Mining
PO Box 979068
St. Louis, MO 63197-9000

6. Q: What if the information on my OSM-1 Form is not correct?

A: You may change the pre-populated information on the electronic form. On the paper form, line out the incorrect information and write in the correct information.

7. Q: I have a new permit, but didn't receive an OSM-1 Form, or the permit number wasn't included in my OSM-1 Form packet. What do I do?

A: Call OSM at 800-799-4265 to request a blank OSM-1 Form or make a copy of Parts 2 and 3 of the form you did receive and fill in with the information pertaining to the new permit. The blank OSM-1 Form is also available online at <http://www.osmre.gov/forms/forms.aspx>.

8. Q: I made a mistake on a prior quarter OSM-1 Form. How do I correct it?

A: If you file electronically, you may amend prior quarters online from 2000/quarter 1 forward, even if you filed the quarter on paper. If you are filing on paper, an “Amended OSM-1” form can be found online at <http://www.osmre.gov/forms>. Fill out the amended form, sign, and notarize. Mail the amended form to Office of Surface Mining, PO Box 979068; St. Louise, MO 63197- 9000. You can also call OSM at 800-799- 4265 to request an Amended form.

9. Q: I received an OSM-1 Form for a permit that I sold or transferred or is being reclaimed. Do I need to file this OSM-1 Form?

A: File the OSM-1 Form with a note stating when the permit was sold/transferred and to whom or mark the “Mining Complete” box (Part 2, Section 7). Submit the latest inspection report for the permit if available.

OSM will research and verify the information with the State Regulatory Authority (SRA). As long as you receive an OSM-1 Form for a permit, you will be required to file the form for that permit until OSM has confirmed that you are no longer the permittee of record or reclamation has begun, at which time OSM will remove the permit from the OSM-1.

10. Q: I have an incidental permit to remove coal on a commercial building site. Must I pay reclamation fees on this coal?

A: Yes, fees must be paid on the coal removed under incidental permits for all commercial construction projects. Only incidental coal removal that is part of a Federal, State, or local government-financed highway or other construction is exempt from paying fees.

11. Q: Do I have to file an OSM-1 Form if I didn't have any production?

A: If you receive an OSM-1 Form, it must be completed and returned to OSM. You must report zero tonnage for any quarter in which there is no reportable tonnage if the permit is still active.

12. Q: Do I have to file an OSM-1 Form if I'm not mining?

A: Yes, you must report zero tonnage or applicable reportable tonnage until stockpiles are depleted. Once all tonnage for a permit is sold, used or transferred, including stockpiles, mark blocks “C, Mining Complete” and block “D, All stockpiles reported” on the OSM-1 Form. If you have a copy of the State or Federal inspection form which verifies that mining is complete, please include it with your OSM-1 Form.

13. Q: Do I have to file an OSM-1 Form for quarters being audited and/or for quarters following the audited quarters?

A: As long as you receive OSM-1 Forms, you need to file, even for quarters being audited. If you believe you have received the OSM-1 Form in error, call OSM (800-799-4265) to speak to an Accounting Technician.

14. Q: Why was an OSM-1 Form sent to me when I have an agreement with a contractor/ operator/other party that he/she will file and pay the fees?

A: OSM-1 Forms are usually mailed to permittees, but they can be sent to any other entity at the request of a permittee. However, an agreement between private parties to assign the obligation to file the OSM-1 Form and/or to pay fees does not relieve the permittee, the operator, or the company with the primary economic interest in the sale of the coal of their legal responsibility to be sure the forms are filed and fees are paid.

15. Q: I lost/never received the OSM-1 Form that was mailed to me. Can you send another?

A: We can email, mail, or fax a replacement form to you. Call OSM (800-799-4265) to request a form for each permit you hold. When you call, we will verify that we have the correct mailing address, contact name, and phone number for the OSM-1 Form. You can also download a blank OSM-1 Form from the OSM website at:

<http://www.osmre.gov/forms/Forms.aspx>

16. Q: Why does the OSM-1 Form have to be notarized?

A: Notarization is required under Public Law 95-87, Sec.402c (Surface Mining Control and Reclamation Act of 1977) *If you file electronically, The Electronic Filing system offers an Additional Signature Option: The Unsworn signature option provides an electronically signed and dated document that you may choose in lieu of the Notary option.*

17. Q: I received a Non-Respondent letter but I'm no longer associated with the company. What do I need to do?

A: Call OSM (800-799-4265) to speak to an Accounting Technician, or return the letter with a written explanation stating why you believe you are not required to submit an OSM-1 Form. If the permit has been transferred, assigned, or sold to a new permittee please send us a copy of the approved State or Federal transfer document.

Notice

All persons engaged in or carrying out mining operations should take notice of your responsibilities under Title IV of the Surface Mining Control and Reclamation Act of 1977, 30 U.S. C. 1201 et seq, commonly referred to as “SMCRA” OR “the Act.” Among your responsibilities enumerated in the Act is the duty to report and pay AML fees, as set out in 30 U.S.C., 1232.

The Secretary of the Interior holds permittees and operators jointly and severally responsible for reporting and paying AML fees. Furthermore, under OSM’s interpretation of “operator,” mining contractors and mineral owners are sometimes jointly and severally liable for reclamation fees.

Please take notice that agreements between private parties which purport to allocate the obligation to report and pay AML fees do not relieve the permittee or the operator of their responsibilities under Title IV of the Act. Regardless of the provisions of a contract between a permittee, operator, and others who are “operators” under OSM’s interpretation of that term (including independent contractors and mineral owner), you may have a statutory duty to report and pay AML fees.

Finally, please take notice that failing to file the AML report (generally known as the OSM-1), or knowingly filing a false report, is a crime punishable by a fine of not more than \$10,000 and/or by imprisonment for not more than one year. See 30 U.S.C., 1232(d). Additionally, failing to pay the AML fees which accrue on all coal production is a violation of a permit condition. See 30 C.F.R., 773.17(g)

Payer Handbook Glossary

ASTM: American Society for Testing and Materials.

Cleaning the coal: Removing materials extraneous to the coal, such as dirt and clay, but not removing impurities inherent in the coal.

DCM: Division of Compliance Management. This Division is responsible for audit functions. Contact DCM regarding questions about audit policy and kinds of records that must be kept.

DFM: Division of Financial Management (DFM). Contact DFM, FACB when there are problems with the OSM-1 form, payments, reclamation fee debt, etc.

Excess moisture: The difference between total moisture and inherent moisture.

FACB: Fee Accounting and Collection Branch, located at the Division of Financial Management in Denver, Colorado.

Mineral owner: One who has a minimum of 10 percent ownership or leasehold interests in the minerals and conveys the right to extract the minerals to the permittee. For purposes of completing the OSM-1 form, this includes those with legal ownership of the coal. Also, mineral owners include those who have the right to extract the coal and to receive the economic benefits normally associated with ownership of the coal, such as payment for the value of the coal.

Operator: For purposes of completing the OSM-1 form, the “Operator” is defined as the company that is actually removing coal at the mine site.

OSM: The Office of Surface Mining Reclamation and Enforcement (OSMRE); authorized by the Surface Mining Control and Reclamation Act of 1977, as amended.

OSM-1: Coal Reclamation Fee Report (OSM-1 Form).

OSM-1 Document Number: Unique document number printed in upper right corner of each OSM-1 form per quarter. Current OSM-1 document number should be used.

Payer letters: Letters informing permittee/operators of official policy changes, clarifying issues, and communicating critical changes as they occur. Watch for these notices. Payer Letters will often be included in the OSM-1 mailings.

Permit: A permit to conduct coal mining and reclamation operations issued by the State regulatory authority pursuant to a state program or issued by OSM pursuant to a Federal program.

Permittee: The entity to whom the permit is issued. This entity may be an individual, partnership, association, society, joint stock company, firm, company, corporation or other business organization.

Point in time of fee assessment: The first bona fide sale, transfer of ownership, or use of the coal by the permittee/operator immediately after the coal is extracted from a coal seam.

Purchaser of coal: Defined as persons or entities who purchased 10 percent or more of the production from a given permit.

Reporting entity: Reporting Entity is the company or corporation that is responsible for filing the OSM-1 Form.

Reporting entity number: Six-digit number assigned by OSM to the company or corporation that is responsible for filing the OSM-1 Form.

SMCRA: Surface Mining Control and Reclamation Act of 1977, as amended.

Ton: Defined as 2000 pounds (0.90718 metric ton).

Directory

Engineering/Technical

If you have any questions about types of coal, complex moisture calculations, or acceptable tests or laboratories, contact the professional assigned to your state:

Sheila Owens
Phone (606) 524-5703
Email: sowens@osmre.gov

Rebecca Rigney
Phone (615) 418-9277
Email: rrigney@osmre.gov

Audit/Records

If you have general questions about audit policy or the kind of records you should maintain, call or write:

Sheila Owens
Phone (606) 524-5703
Email: sowens@osmre.gov

Rebecca Rigney
Phone (615) 418-9277
Email: rrigney@osmre.gov

For Ad Valorem Questions for Mines

1-412-937-2901 (OH, MD, PA, WV, or VA)
1-859-321-3919 (all other states)

AVS USERS LIAISON

1-800-643-9748

Billing/Accounting

If you have questions on filling out the OSM-1 Form, contact an OSM Account Representative at **1-800-799-4265**.

OSM, Division of Financial Management, FACB
P.O. Box 25065
Denver, CO 80225-0065

Collections

If you have questions about your debt or debt payment, contact a Collections Specialist at **1-800-799-4265**.

OSM Division of Financial Management, FACB
PO Box 25065
Denver, CO 80225-0065

Pay.gov Customer Service :1-800-624-1373

Internal Revenue Service (IRS)

Contact number for coal companies to call with questions on IRS Form 720 IRS Excise Tax (Black Lung) 1-866-699-4096

Mine Safety and Health Administration (MSHA) Contact Numbers

If you have questions about a Civil Penalty assessed by MSHA
Call – (570) 826-6431

To report an injury, illness, mine production, or if you have questions about the employment quarterly report (7000-1 Form)
Call - (303) 231-5453

For training plans, training certification or Education Policy
Call - (303) 231-5434

For green card certification
Call - (303) 231-5472

Quick Index

<p>Applicant/Violator System, 2 AVS, 2 Failure to file, 3 Non-Respondent, 32 Permit, 5 Website, 3</p> <p>Auditing Records, 55</p> <p>Coal, 57 Clean Coal, 57 Coal Refuse, 12 Commingling, 10 Maintaining records, 58 No Value, 20 Raw Coal, 57 Ton is defined, 12</p> <p>Contacts, 81, 82</p> <p>Delinquent Payments, 54</p> <p>Electronic OSM-1 Filing, 23 Amend, 32 E-Filing, 7 User ID Application, 7</p> <p>Frequently Asked Questions, 73</p> <p>Glossary, 79</p> <p>IRS Section, 68 Excise tax, 68 Form 720, 68 Tax Rates, 70</p>	<p>Moisture Deduction, 35 Calculate excess moisture, 35 Definition of terms, 36 Excess moisture, 40</p> <p>OSM-1 Forms, 9 Amending, 32, 67 Completed all coal mining, 59 Due Dates, 22 Export, 19 Failing to report, 32 Instructions – efile, 23-34 Instructions – paper, 60-67 Mining complete, 10 Notary public, 30, 61 Notice, 78 Pre-populated, 9 Pre-printed information, 9 Rate, 12</p> <p>Reclamation Fee, 12-21 Face-up tonnage, 14 Face-up tons, 14 Fee Rate, 13 Installment, 54 Liable, 4 No Value, 20 Pay online Pay.Gov, 46 Payment cannot be made, 3 Penalty assessment, 3, 4 Unpaid fees, 54</p>
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