

Report Highlights



Mine Subsidence Protection Program

Division of Reclamation, Mining, and Safety • Department of Natural Resources
Performance Audit • May 2025 • 2456P

OFFICE OF THE STATE AUDITOR
C O L O R A D O

Key Concern

Although the Mine Subsidence Protection Program (Program) is in compliance with applicable laws related to its structure, participation among eligible homeowners is relatively low, few mine subsidence claims are paid, and administrative costs are high in comparison to the benefits the Program provides. Therefore, the Division may have opportunities to increase enrollment while ensuring that the Program is sustainable by reevaluating its operational structure and administrative costs.

Key Findings

- The Program had consistent practices for reviewing claims and substantially followed program rules and management’s intended processes and controls for the Program. However, the Program was not following several program rules, which were last revised in 2002 and no longer reflect its intended practices.
- The Program’s Memorandum of Understanding (MOU) with the U.S. Department of the Interior’s Office of Surface Mining Reclamation and Enforcement (OSMRE), which establishes requirements for the Program’s federal grant, is expired and has not been updated to reflect current program rules and practices.
- Of about 6,300 eligible homes, 861 (14 percent) were enrolled in the Program as of July 2024. Additionally, out of the 45 damage claims the Program received between Fiscal Years 2021 and 2024, it only accepted and paid benefits on 2 claims (4 percent). Most claims were denied due to the Program determining that the reported damage was caused by issues other than mine subsidence. The relatively low participation rate and claim acceptance rate may be due to there being a low risk of mine subsidence in Colorado.
- Program costs have increased in recent years primarily due to increased costs for home inspections, which a program contractor conducts at the time a home is enrolled in the Program and when a participant makes a damage claim.
- The Division of Reclamation, Mining and Safety has not recently evaluated the overall risk of mine subsidence in the state, the market for mine subsidence protection, Program eligibility requirements, and the operational structure of the Program.

Background

- The Program protects eligible Colorado homeowners against the cost of damages to their home caused by coal mine subsidence, which is ground movement resulting from the collapse of underground coal mines.
- To enroll, a home must meet eligibility requirements and undergo an initial inspection. Additionally, homeowners must pay an inspection fee of \$200, and an annual fee of \$35 for the first 3 years their home is enrolled.
- The Program began in 1989 under a grant program run through the federal OSMRE and received a one-time \$3 million grant to establish a trust, which it uses, in addition to interest and homeowner fees, to pay program expenses and claims.

Audit Recommendations Made	Agency Responses		
	Agree	Partially Agree	Disagree
7	7	0	0